— REVISED EDITION —

HELP ME FIX MY CREDIT SCORES!

WHAT THE CREDIT BUREAUS ***DON'T*** WANT YOU TO KNOW

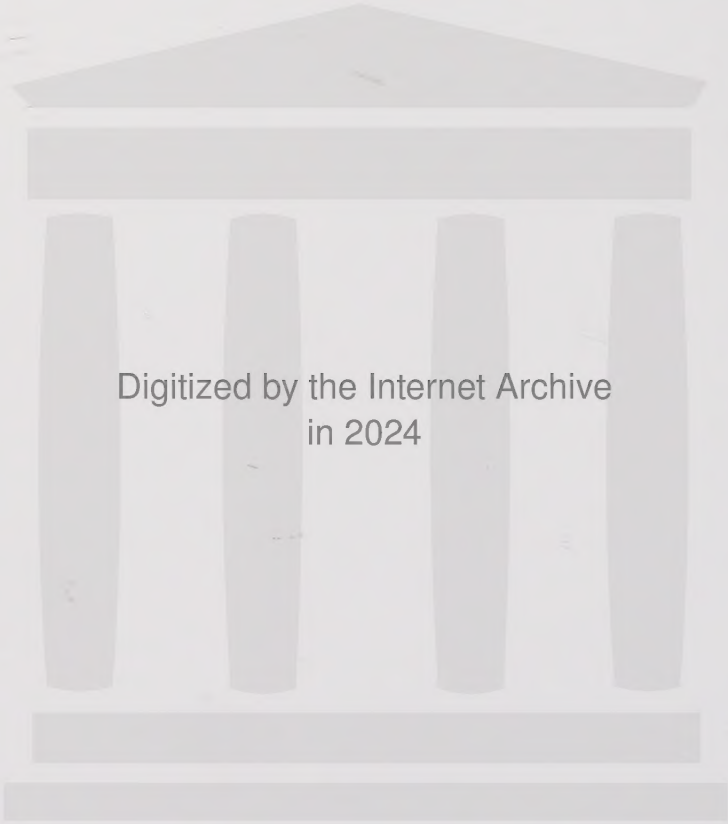
You CAN have excellent credit!

You CAN afford your dream!

Your credit CAN work for you!

Certified Credit Expert

JULIA COWEN KING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WHAT THE CREDIT BUREAUS ***DON'T*** WANT YOU TO KNOW

Help Me Fix My Credit Scores:
What the Credit Bureaus Don't Want You to Know

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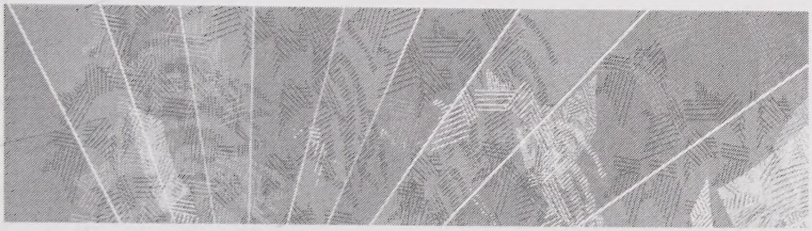
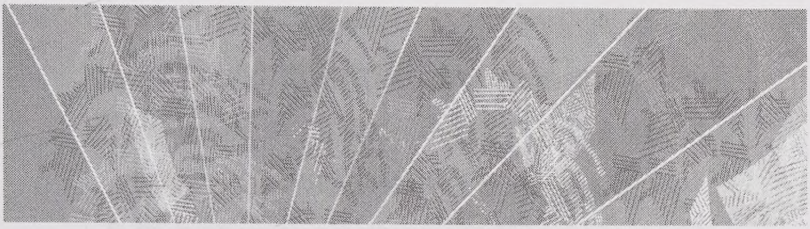


INTRODUCTION

Many people cringe when they hear the word credit. The credit system is complicated, scary, and sometimes might even appear overwhelming. But it can be understood and even controlled if you possess the right knowledge.

With this book in your hands, you are about to become a credit master. You will know exactly what your credit scores are based on and how you can control them. You will learn the secrets the credit bureaus don't want you to know about their computers, systems, and tainted past. You will uncover unethical creditor tactics that are being used right now to ruin your credit. You will even have access to credit bureau dispute methods, letters, and advanced letters that will help you remove inaccurate items from your credit report.

This book is designed to give you a step-by-step process of understanding and fixing your credit. You will be able to first understand the credit system itself, then know everyone's roles in the credit system; and, finally, you will be able to conquer your credit problems once and for all. You ***can*** have excellent credit! The credit system ***can*** be beaten! This book will show you how!



TESTIMONIALS

Julia is one of the most knowledgeable credit specialists I have ever worked with. I've been in the mortgage and 2nd chance credit industry for 10 years and King Financial Repair has by far the fastest and best results of any company I've worked with. If you have issues with your credit, need help building personal/business credit, or consolidating/negotiating student loans, call Julia King.

- Jason Hanson, Sr. Loan Officer,
Primary Residential Mortgage

I am so happy that I was introduced to King Financial Repair!!! My credit score went up 102 points in 45 days!!! And my professional school loans got consolidated which resulted in a much lower monthly payment!!! King Financial Repair saved the day for me!! Would I recommend them to a friend? Of course! I already have!!!

- Bryan Guess,Doctor of Chiropractic, Dynaic Healthcare

Julia King is an expert at what she does. I am in the lending business, and run into people with bad credit on a daily basis. I have referred multiple borrowers to Julia, and the ones that put their trust and follow her plan have come back to me in much better financial shape. The most extreme case I have seen was a borrower who was able to increase their credit score 106 points with Julia's help. I will continue to recommend her services to the people who need it, and I trust they will be in good hands.

- Kevin P. Rueff, Personal Banker, US Bank

Julia is the best credit repair specialist in the city. She has been a tremendous help getting my clients' credit where it needs to be in order to help my clients obtain a mortgage. Thanks Julia!

- Nate Zulkanycz, Mortgage Banker,
Bank of England Mortgage

Julia is a consummate professional who has the skills and knowledge to help her clients achieve their objectives. Her attention to detail, follow up, and customer service are second to none. If anyone is given the chance to work with Julia, it is my opinion that you should jump at the chance. You will be glad you did!

- Quin Burnhardt., Branch Manager,
Prospect Mortgage, LLC

If you have bad credit clients, Julia King is making their home dreams come to life Her credit repair/deletion rate with my borrowers is outstanding! I highly recommend Julia for a client's credit repair so they can obtain a new home mortgage. Thank you, Julia!

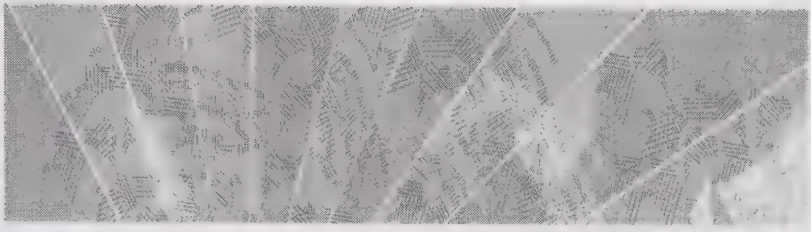
- Brian C. Lykins, Branch Manager,
Swan Financial

I have sent a couple of customers to meet with Julia to help repair their credit. She knows her business and the clients were very pleased with her knowledge and expertise.

- Tony Gregory,
Relationship Banker, FifthThird Bank

Julia King is a true professional dedicated to keeping abreast of all the latest developments in credit reporting, including accreditation, so that she can be of the greatest aid to her clients.

- James Lawson, Consumer Attorney, Lawson at Law, PLLC



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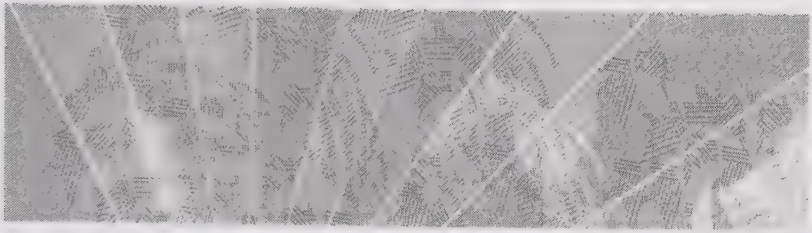


CHAPTER 1

Your Credit Quality of Life

Credit is defined as an agreement between a creditor (or lender) and a borrower, in which the consumer assumes something of value in agreement to repay the creditor, based on certain terms.

Car dealers, banks, credit card companies, mortgage companies, signature loan companies, pay day advances, even student loan agencies, are a few of many sources that extend credit to individuals.

When you apply for new credit, these creditors review your credit profile to determine your risk of repaying that debt. Based on your risk you might get approved or denied.

If you do get approved, the repayment terms will again be based on the quality of your credit profile. The better your credit profile and the higher your score, the better terms you will receive.

When your credit profile is damaged, you will be charged higher interest based on that risk. The rate of interest will vary based on many factors, but interest charges can be significant. One credit card company recently even released a credit card with an 89% APR!

Importance of Credit

Your life is your credit. If you have ever been denied a loan or even a job due to your credit, then you already know the importance your credit profile has to your life.

Most of the payments you pay each month are affected by your credit quality. Home loans, rent, car payments, credit cards, installment loans, car insurance, cell phones, health and life insurance, and even monthly utilities are all based on the quality of your credit.

Your life is your credit.

Payments you pay each month, whether you rent or own your dream home, are based solely on your credit quality.

New employers are even relying on credit to help make hiring decisions. It is impossible to hide from your credit. And as more companies rely on it to gauge risk, the importance of your credit profile is ever increasing.

But credit is also very scary. Most consumers don't know how credit works or even what that magical credit score really means. One thing is for sure:

There is a dramatic difference in quality of life between having bad or good credit.

Life with Bad Credit

You can live with credit issues, but every year those issues will cost you tens-of-thousands of dollars, making it hard to survive and near impossible to save money for your future.

This is one of the fundamental reasons the United States savings rate has stayed under 1% in recent years. Many consumers don't have the extra money to save due to paying outlandish interest charges.

I have spent more than eleven years in the finance industry. During this time, I have done thousands of financial reviews with clients and most of my clients had no idea how much their credit was really costing them.

Sure, they knew that bad credit was causing issues with them getting approved for new credit. But in reality, my clients, like most consumers, never ***really*** know how much credit affects their day-to-day lives.

Bad credit ruins lives.

Bad credit ruins lives. This is one of the most shocking but ***real*** statements you might read in a

while. The difference between living life and struggling to survive is based completely on credit quality.

Let's look at a car as a simple example. Most people in today's society need a vehicle to get around. We require it to get to our jobs, our kids to day care, or just to get to the store. There are an estimated 250 million car owners in the U.S. alone, so chances are pretty good that you are one of them or know someone who is.

Many car owners chose to finance their vehicles and pay monthly payments until the debt is paid off. Car loans are offered to consumers based on their credit history and their credit scores, like most other loans.

And based on those credit factors, the auto lender determines risk and establishes an interest rate for the consumer to pay back that loan. The payments will then be established based on the loan amount, interest rate, and term of the loan.

With good credit, you will get approved for a longer term and better interest rate. With bad credit, you will pay much greater interest on a shorter term, making your payments much higher.

Okay, so maybe you already knew all that. Many consumers do; but most don't know how much that extra interest and shorter terms is really costing them.

A $20,000 car loan with good credit will cost approximately $322 monthly. This is based on a 5% interest rate for 72 months. The exact same $20,000 car loan with bad credit will cost approximately $541 monthly. This is based on a 21% interest rate for 60 months.

This is the same car, but one is costing $219 more ***every*** month. The person with good credit will pay $23,184 for their car. The consumer with bad credit will pay $32,460 for the same car. That's a $9,276 difference. This means the same car will cost the consumer with bad credit 46% more than the one with good credit.

These examples are not extreme. These are based on common interest rates you will actually see on a $20,000 auto loan.

Rent and home expenses are another area where customers get taken for great amounts of interest.

A $100,000 mortgage costs a good credit consumer $577 monthly and $207,720 over 30 years. The same home would cost a family with challenged credit $841 monthly and $302,760 over 30 years.

The consumer with good credit will pay $264 less per month and save $95,040 over the lifetime of the loan. That means the person with bad credit will pay $95,040 more in

interest for a $100,000 loan, due to their credit.

Credit cards might cost $116 more monthly based on credit. Utility payments are higher, insurance payments are more, and so are many other regular family expenses.

Bad credit controls people's lives.

Most people know credit has an adverse effect on their life. But the truth is, bad credit controls people's lives. Outrageous amounts of extra interest are being charged each and every month. That debt and those higher payments strap most families, forcing them to live paycheck-to-paycheck.

If even one emergency arises, many consumers in this position are susceptible to a total financial catastrophe. With bad credit, their lives are just like a house of cards waiting to collapse.

Consumers with credit issues don't have high open limits to use in case of emergencies. When a transmission goes out or a child needs emergency dental treatment, pay day loans become about the only option to get money in a pinch. The

rates on those are extremely high, making them almost impossible to pay off.

Life is tough with bad credit, really tough. With no available credit, one emergency can wipe you out. And there is no extra money each month, due to hundreds of dollars each month spent on excessive interest charges.

Many people are so caught up with financial survival that they forget about how innocently it all began. Many people are caught in a trap, and few actually recover.

The Bad Credit Trap

I call this the Bad Credit Trap. This is a trap most consumers will never get out of. The system won't naturally allow them to recover.

In my career, I have heard thousands of clients tell me how good their credit was before it went bad. But I have never had even one client with good credit tell me their credit was bad and it magically got better.

Most with bad credit never recover. That is a fact. And the reason is that the system is against them from the start. Consumers with credit issues are not in their situations because they

are bad people. People are sucked into a trap and simply don't know how to recover.

Credit problems usually stem from an uncontrollable event. Some have a car crash or medical issue that compiles medical bills. Many others go through divorce or have credit too young, leading to issues where a default or late payment occurs.

There are thousands of reasons things happen, but let's just say life happens. And when life happens, and even one account gets paid late, a downward credit spiral then begins. Even if the late payment was for one credit card, most other card companies will claim their risk is higher.

People are sucked into a trap and simply don't know how to recover.

Several things start to happen at this point. First, many creditors will lower their limits. If a creditor lowers the high credit limit

on an account, the credit score always goes down. This is due to the fact that one-third of your credit score is based on your Available Credit, which you will find more about in chapter 3.

Now the consumer has less available credit, right when they obviously need it. Plus, with lower available credit, they will face more overdraft fees. And the credit scores drop and risk increases for all other accounts, due to the lower score.

Now creditors will start to increase interest rates due to the increased risk. All creditors can't do this, but in the fine print, many reserve the right to do just this. The higher rates mean the payments also increase. The consumer is now faced with higher payments on several of their accounts, not to mention having to pay their original late fees.

High interest rates and payments leave people living paycheck-to-paycheck.

Eventually, this leads to many consumers going late

on other payments. Then things start to get really bad, really fast. In a very short period of time, credit that once was good is now left destroyed.

This means all new credit the consumer applies for will only be approved at high risk rates. This costs hundreds of more dollars every month and radically deteriorates the consumer's quality of life for many years to come.

Most consumers continue to then struggle all their life with this cycle. High interest rates and payments leave people living paycheck-to-paycheck. And they commonly go late on their payments after that, as they struggle to pay outlandishly high interest rates and payments.

This is the Bad Credit Cycle. Many times, it starts with one unavoidable late payment. But, in the end, it costs most any chance of having a healthy financial future.

Life with Good Credit

Life with good credit is an entirely different story. Many people believe they want to be rich, financially. But what many don't realize is that their fantasy life has less to do with being rich and more to do with having good credit.

Mercedes Benz is a great symbol of car luxury. Many dream of having the opportunity to own one. In their dreams, they fantasize about being rich and driving a Mercedes. With good credit, a brand new Mercedes Benz can cost $326 monthly. Even a luxury home can be financed for less than $1,000 monthly.

The secret to wealth, in many cases, has less to do with being rich and more to do with credit quality. Even a crazy dream like walking into a store and buying whatever you want or buying a car on your credit can be reached if you have good credit, and even if you are not wealthy.

Good credit is the hidden secret of life.

Good credit won't stand in the way of getting a good job or getting approved for new credit at 0% interest rates. Good credit makes living the American dream of home ownership a reality. It even makes driving a Corvette or a Harley Davidson practical.

Credit lines are issued to consumers based on their credit quality. With good credit, it is common for consumers to receive credit lines and credit cards for $10,000 or higher. In many cases the interest on those cards is also less than 3%, making them ideal for many situations, especially emergencies. Good credit creates peace of mind for this reason.

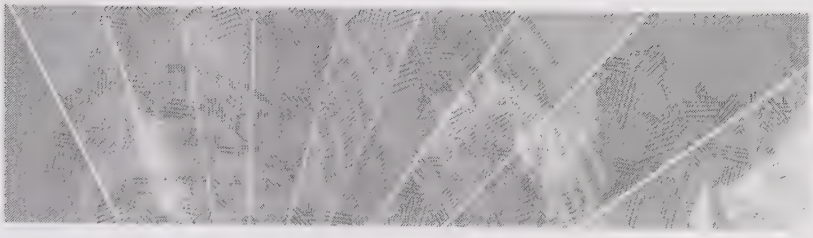
Let me tell you a little lender secret here. Good credit clients in most businesses are treated better than those with credit issues. Auto dealers, banks, mortgage companies may try not to, but most do treat good credit customers superior.

I don't agree with this at all, but I have witnessed it nearly every day of my eleven years in finance. Good credit customers are offered better deals than those with credit issues.

The main reason is that good credit buyers are stereotyped as smart, intellectual, educated people who do their research and will leave in a minute if they think they are being taken advantage of. So this fear has most sales managers coddling good credit prospects.

In today's society, good credit is like being rich. When you have it you are treated better, can spend more and pay less, and absolutely afford to have the life of your dreams.

Good credit is the hidden secret of life. And this secret to the credit system, secrets behind your credit scores, and even a proven secret system to correct your credit will be revealed in the following chapters.



CHAPTER 2

Your Role in the Credit System

As important as your credit is, you sure hope that someone is ensuring your credit report reflects legitimate and accurate information. This is the common belief I have always heard from clients. They believe that someone,

You are the only person involved with your credit who benefits.

maybe the government, the bureaus, the creditors, but someone, is ensuring that the reported data is accurate and correct.

But the sad truth is, nobody is watching this for you at all. You are the ***only*** person involved with your credit who benefits from your credit profile being positive and accurate.

The credit bureaus, like many companies, do have to abide by certain federal and state laws. They are also required to investigate credit disputes based on certain criteria per laws like the Fair Credit Reporting Act. But the credit bureaus don't question what creditors report, unless they themselves are questioned on it.

Creditors also have to abide by state and federal laws. But most reporting creditors don't have divisions within their companies where they validate what they are reporting.

The credit bureaus and creditors do have one thing in common in regards to the reporting of your data. They both make more money the worse your credit is.

To investigate this more, let's look at the roles everyone plays in the credit reporting process.

The Credit Bureaus

The Fait Credit Reporting Act refers to the credit bureaus as Consumer Reporting Agencies or CRAs. The "Big 3" credit bureaus are Trans Union, Equifax, and Experian. There is a fourth reporting CRA known as Innovis, which creditors rarely use.

These are private for-profit companies that make money by collecting and selling consumer information. Let's look at the history of each of these four Consumer Reporting Agencies.

Trans Union

Trans Union got its start back in 1968 as a holding company created by Union Tank Car Company. The following year, in 1969, Trans Union purchased Credit Bureau of Cook County (CBCC), entering into the credit business.

In subsequent years, TU continued to purchase major cities' credit bureaus and exclusive rights with many of their creditors. Their vision was to create a national credit database from, what then, were not more than simple file cards. TU obtained more than 3.5 million of those file cards with their purchase of CBCC alone and continued to combine millions more to create the database they have today.

Trans Union continued to grow and expand their business, most recently purchasing True Credit in 2002. This was their first attempt to sell to consumers directly and has been an ever-increasing aspect of their business ever since.

Today Trans Union is based out of Chicago, Illinois, and operates more than 249 offices nationwide, with offices in 25 countries on five continents.

Equifax

Equifax is the oldest and largest credit bureau in existence today. They were originally founded in 1898, 70 years before the creation of Trans Union.

Two brothers, Cator and Guy Woolford, created the company. Cator actually got the idea from his grocery business, where they collected customers' names and evidence

of credit worthiness. He then sold that list to other merchants to offset his own business costs.

The "Big 3" credit bureaus are Trans Union, Equifax, and Experian.

The success led Cator and his attorney brother, Guy, to Atlanta to start what would become one of the most powerful industries in existence today.

Retail Credit Company was born, and local grocers started using the Woolford service, which expanded rapidly. By the early 1900s, the service had expanded from grocers to the insurance industry.

Retail Credit Company continued to grow into one of the largest credit bureaus by the 1960s, with nearly 300 branches in operation. They collected all kinds of consumer data, even rumors about people's marital lives and childhood. They were also scrutinized for selling this data to just about anyone who would buy it.

In the late '60s, Equifax started to compile their data onto computers, giving many more companies access to purchase this data. They also continued to purchase many more of their smaller competitors, becoming larger and also attracting the attention of our Federal government.

In response, the US Congress met in 1971, and enacted the Fair Credit Reporting Act. This new law was the first to govern the information credit bureaus and regulate what they were allowed to collect and sell. Equifax was charged with violating this law a few years later and even more government restrictions were implemented.

Equifax was no longer allowed to misrepresent itself when conducting consumer investigations and employees were no longer given bonuses based on the negative information they collected, which had been standard practice in the past.

It is alleged that due to the tarnished reputation all of this left on Retail Credit Company, they changed their name to Equifax (Equitable Factual Information) shortly after in 1979.

Throughout the 1980s, Equifax along with Experian and Trans Union, split up the rest of the smaller credit rating agencies amongst them, adding 104 of those to Equifax's portfolio.

They then continued to grow, taking aligning with CSC Credit Services and another 65 additional bureaus.

Equifax has continued to grow, now maintaining more than 401 million consumer credit records worldwide. They also expanded their services to direct consumer credit monitoring in 1999. Today Equifax is based out of Atlanta, Georgia, and has employees in 14 countries.

Experian

Experian was formerly a division of TRW, an automotive electronics giant. TRW was originally founded in 1901 as the Cleveland Cap Screw Company. They started producing screws and bolts and grew to produce many parts for the aviation and automobile industry.

Congress met in 1971, and enacted the Fair Credit Reporting Act.

In the early 1960s, TRW started a con-

sumer credit information bureau, collecting and selling consumer data, and eventually became known as TRW Information Systems. TRW Information Systems continued compiling data and were the first to start offering consumers direct credit report access in 1986.

Since 1898, when Equifax began, companies have been collecting and selling consumer data.

In 1991, rampant problems started appearing with TRW reported credit data. Thousands of people in a town in Vermont had tax liens inaccurately reporting against them. Similar cases started appearing in the entire northeast, forcing the deletion of countless tax liens across the states of Vermont, Rhode Island, New Hampshire, and Maine.

Dozens of lawsuits were filed against TRW, claiming sloppy procedures to create credit files, lack of response to consumer

complaints, and re-reporting previously deleted incorrect data. All cases were settled out of court.

Then TRW created a database known as the Constituent Relations Information Systems (CRIS). This system's sole purpose was to gather personal data on 8,000 politicians who had an opinion of TRW.

In 1996, TRW was purchased for more than 1 billion dollars by a private group of investors, and then acquired by CCN, the largest credit reporting company in the United Kingdom. Their name was also changed to Experian.

Today, Experian offers services in more than 65 countries, employing over 15,000 people. Their main headquarters is in Dublin, Ireland. Their stock is sold on the London Stock Exchange.

Innovis

Innovis once was ACB Services, was founded in 1970. Innovis is not used by many creditors. Verizon, which is one of the main creditors who use Innovis, is said to be the first CRA to use databases and automation to capture and store consumer data.

Fannie Mae and Freddie Mac, as of 2001, started requiring that mortgage companies also report to Innvois, which was a huge step for their future. Innovis offers two main services, including a list of people who have recently changed addresses and another list of consumers who have a challenged credit history.

Since 1898, when Equifax began, companies have been collecting and selling consumer data. Today the three major credit bureaus all house hundreds-of-millions of profiles for individual consumers.

How this data is valued is another interesting and revealing point to discuss.

Why Credit Bureaus Love Bad Credit

Your credit profile is made up of data collected by creditors, then reported to the credit bureaus. The bureaus then make a profit by selling this data in reports, leads, and other methods to creditors for the purpose of issuing new credit or soliciting you for credit.

For example, when a creditor, such as CHASE, wants to offer you new credit, they purchase a data list from the credit bureaus. This list might be of consumers with credit scores from 550-

620, for example. The bureaus then profit by selling that list to CHASE, and CHASE will then use that list to send mailers to you soliciting you to apply for their credit card.

In the data selling world, credit challenged consumers with sub-prime credit are always more valuable. This means a creditor will pay more for a list of consumers who are 30 days late on their mortgage than a consumer with a perfect pay history.

This is simply due to supply and demand. Very few companies want the perfect pay history consumers, so this data has a low value. But there are a significant amount of sub-prime companies who will pay top dollar for this data.

Sub-prime credit card companies, auto and home loan, credit repair, loan modification, short sale companies, and even debt consolidation are just a few company types who pay big money for these types of leads.

They pay more for bankruptcy leads.

Companies also pay more for "triggers" or "selects" for consumer leads. This means they pay more for bankruptcy

leads, high credit card balances, late payments on credit cards, ***collections***, 30-90 day late payments, foreclosures, and even late payments on mortgages.

The credit bureaus actually make more money the worse your credit is.

CHASE won't pay much for a list of good credit customers. In comparison, a bankruptcy company will pay a lot more for a list of consumers who filed bankruptcy within the last 30 days. That list is much more specific, and would cost about ***twice*** as much from the bureaus.

So the credit bureaus actually make ***more*** money the worse your credit is. This is ***not*** an opinion, but a clear ***fact***. It is ***not*** in the credit bureaus' best interest to help ensure your credit report is accurate. Actually, they make more money if your credit is bad.

The only reason they allow you to dispute accounts on your report is that they are obligated by law to do so. And these laws

were created due to the rampant credit bureau abuse and mishandling of consumer data.

The credit bureaus are not your friends, and they do not benefit by you having a positive credit profile. So don't expect them to be looking out for the accuracy of your credit profile.

Your Creditors/Data Furnishers

Creditors in the credit equation are known as Data Furnishers. They are the agencies that offer financing to consumers, and then report the pay histories back to the credit reporting agencies or the credit bureaus.

Some other personal information is also given by creditors, including consumers' name, date of birth, social security number, address, prior addresses, current employer, previous employer, and even inquiries for credit applications used to determine spending patterns. Everything they can collect from the consumer and report back to the bureaus by law, they do collect and report.

Most data furnishers are private and public for-profit companies. They make money based on lending to consumers and earning a return through interest. This interest is based on risk. The higher your risk, the more you pay in interest. And in most

cases, your interest rate is tied directly to your credit scores. The lower your scores, the higher your interest rate will be.

Credit card companies don't make anything on 0% cards. But the minute you go late on your payment, your interest rate skyrockets. This is where they make their money, on 13% and higher interest rate charges.

A published study shows that some companies make three times more money on their sub-prime clients as they do their prime clients. The worse your credit is, the more your creditors charge, and the more profits they make on you.

This is why your creditors monitor your credit report frequently. Any decrease to your score or adverse information on your report can then be used to raise your interest rates, even if you didn't go late on that creditor's account.

But notice, you have probably never had a creditor monitor your credit then politely inform you of misreported information on your report. This is because the worse your credit is, the more money your creditors will make. And you will find that credit errors are rarely in your favor, for the same reason.

Both your creditors and the credit bureaus make more money the worse your credit is. It is in their benefit that your credit be

bad, so don't expect them to spend a lot of time ensuring that your credit profile is accurate and positive.

Your Part

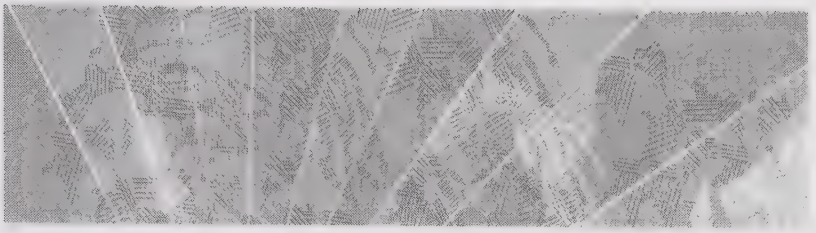
Every time you apply for new credit, data is collected from you. The data is collected and then submitted to the credit bureau as an inquiry.

The inquiry comes back to the creditor as a credit file. Your credit file consists of information on your prior credit accounts, your credit score, and your residence and employment information.

This information is then used by the creditor to either offer you financing or to deny you financing. In most cases, the creditor won't even let you have a copy of the report they are using. You have to order your own, making it even harder to ensure the data they are seeing is accurate. But due to prior credit bureau abuse and misreporting of information, the law entitles you to one free copy of your credit report each year. This is because the federal government is not monitoring your report for accuracy, but instead, they are depending on you to self-regulate your own credit profile.

You are expected to get a copy of your report each year to make sure it is accurate. When you do this, you will always want to check all the data very carefully on your report for accuracy. ***You*** are the ***only*** person dealing with your credit who benefits by having an accurate and positive credit.

So take it upon yourself to get a copy of your free report, dispute any inaccurate information, and manage your credit wisely. You are the only one who benefits when your profile is positive and accurate; don't forget this.



CHAPTER 3

Credit Score Secrets Revealed

You are probably familiar with your credit score. Nowadays you can gain access to your credit reports and your credit scores much easier than in the past. This is because government regulations are now giving consumers more access to this once highly secretive credit system.

Knowing your credit score is important, but knowing how your credit score works is essential. Once you know and

understand the components of your credit score and how they work, you will then be able to make small adjustments and make radical increases to your scores.

The first thing to know is that there are many different credit scores in existence. Each of these is based on a separate credit scoring model.

The Different Credit Score Models

There are hundreds of different credit scoring models. Most of the commonly used models come from a company named Fair Isaac. This company does statistical calculations of risk and summarizes it in a numerical value, which is your credit score.

Fair Isaac creates scoring models that gauge a consumer's risk in paying back a debt. To be more specific, their calculations are designed to gauge a consumer's risk of going 90 days late on an account in the next two years. The greater your risk of going 90 days late, the lower your credit score will be.

Fair Isaac then sells their scoring models to the credit bureaus Trans Union, Equifax, and Experian. They also sell hundreds of other specialized scoring models to other industries. There are Mortgage Industry and Auto Industry Option

scoring models, credit card models, banking industry models, global models, and hundreds more.

Many industries want their own specific models. This is why if you apply for a car loan or mortgage, they will always pull different credit scores than you will pull on your own.

For example, the Auto Industry Option scoring model rates six specific auto history accounts types heavier than all other accounts. If a consumer has a repossession, their Auto Industry score pulled by a car dealer will be less than if the consumer pulled their own consumer score.

The auto lenders care more about your past auto history more than anything else. So when they pull their score, any bad or good auto history will have a greater impact on your scores than on any consumer report you may pull. These variables are known by Fair Isaac as "scorecards."

Credit card models will rate credit card late payments heavier than other models will. Each industry specific model will be impacted more if accounts are paid late or defaulted on within that specific industry.

There are also general models like Classic FICO and FICO 08 which are the models you can go online and pull your own score for. The credit bureaus even have their own score named

Vantage Score. Altogether, hundreds of different scoring models are used; however, the underlying scoring calculations are the same. They are simply modified slightly for each industry.

The Credit Score Breakdown

There are many credit scorecards in existence today, but the underlying principal components of all those models remain the same. Some will rate certain aspects of your credit scores higher, but the scores themselves are built on the same five ingredients.

Payment History = 35% of Your Total Credit Score

Your payment history is the largest aspect of your credit score, as you might expect. In total, your pay history accounts for 35% of your total score.

This aspect of your total score calculation is based on your prior payment history with your creditors. Late payments, defaulted accounts, bankruptcies, and all other negative information on your credit report have the greatest effect.

The more recent the late payment, the greater the damage is to your credit score. If you go late on your mortgage this month, the Mortgage Industry Option scoring model could drop your scores over 120 points. That is with only one 30-day late payment!

The scoring model is based on your potential to go 90 days late on an account within the next 2 years. Any recent late payments are a big reflection that you will default, and your credit score plummets as a result.

Your creditor cannot report you late unless you are 30 days late. But they will claim they need 10 days to process your payment. So don't think just because you mailed your payment on the 25th day that they will not report you late.

All together, your entire history of payment counts for 35% of your total scores. The more positive accounts you have and the less negative means a much higher credit score.

Percentage of High Credit Used = 30% of Your Total Credit Score

The second largest factor in your credit scores is the amount you owe in relation to your high credit limits.

If you are carrying high credit card balances, you can actually hurt your credit scores almost as much as paying the account late every month. This is because if you go late you affect 35% of your score, but if you use a high percentage of your available credit you affect 30% of your scores.

This is why we highly recommend to our clients that they get approved for new credit. We even help guide them to a large limit account, such as a $5,000 line-of-credit that requires no credit check. This high balance account will really open up the available credit on the report and increase the scores.

This aspect of your credit score has several different factors. The first factor is your relation of balances you owe on all of your accounts in relation to the high credit limits on those accounts. This takes into consideration balances on ***all*** of your accounts combined. Your credit score also takes into account balances in relation to high credit limits on your individual accounts.

For example, you will be scored higher if you owe 30% or less on your credit card accounts. This means if you have a high credit limit of $1,000, you will have a higher score if you maintain a balance of $300 or less.

For revolving accounts, such as credit cards, you want to keep the smallest balances while still keeping a balance.

Don't pay the account to $0, and not use it. If you stop using the account, your credit score is not increasing. Pay it as close to 1% as you can, but make sure you keep your balances below 30%.

Don't pay the account to $0.

Your scores will also be lower due to higher balances on installment loans, car loans, mortgages, and other non-revolving accounts. This is why your credit scores will always be immediately lower if you open any of these accounts new. A new car loan, for example, will lower your scores once it goes on your report. How much lower depends on your spread of other accounts.

As your loans and mortgages are paid down over time, your scores will steadily increase. This is why one of the best things you can do for your credit is open accounts, and then pay them as agreed. Don't pay those accounts to 0 too quickly, because you won't increase your credit score if you have no balance and no payments due.

Your score will be affected by how many open accounts have balances, how much of your total credit lines are being used,

and how much of a balance you have on installment loans, such as car loans. You can directly improve your credit scores by maintaining lower balances on your accounts or spreading balances over several different accounts. You can also get approved for new high-limit accounts to increase your scores.

Length of Credit History = 15% of Your Total Credit Score

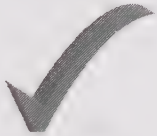
Your "time in the bureau" accounts for 15% of your credit score. The older you are and the longer you have had credit accounts for, the higher the score. This is why it is near impossible to get to an 800 score at a young age.

As you have more accounts throughout your life and your history grows over time, your scores will naturally increase due to this factor.

Being added as an authorized user to an account with a long pay history is another way to increase your scores. Be careful how you do this. The new scoring models won't give you credit for most authorized user accounts unless they are your family members.

If you do have a family member who has had positive open accounts open for some time, see if they will add you as an

authorized user on one of their accounts. They have no risk, as you won't be able to use the account unless they physically give you a card. But you will get credit on your reports, and this will increase your credit scores.



You can directly improve your credit scores by maintaining lower balances on your accounts.

Accumulation of New Debt = 10% of Your Total Credit Score

Accumulation of new debt accounts for 10% of your total credit score. This aspect of your credit score is comprised of how much new debt you are applying for. It takes into consideration how many accounts you currently have open, how long it has been since you opened a new account, and how many requests you have for new credit within a 12-month time period.

If you go out today and apply for credit, that creditor requests information from the credit bureaus. This counts as an inquiry on your report. If you have a lot of inquiries in a short period of time, your scores will be impacted negatively.

If you apply for a mortgage today, your scores might drop one point. But, if you apply for a car, a mortgage, and a few credit cards this week, your scores could drop significantly. The same applies if you have twelve car dealers pull your credit, or if one dealer has twelve banks pull your credit. A lot of credit pulls in a short period of time will have a negative impact on your scores.

So, don't apply for too much new credit in a short period. And don't let a lot of different creditors pull your report while applying for big purchases. You should also monitor your credit report for inquiries and dispute any that you are not familiar with or feel should be removed.

Don't apply for too much new credit in a short period.

Healthy Mix of Credit Accounts = 10% of Your Total Credit Score

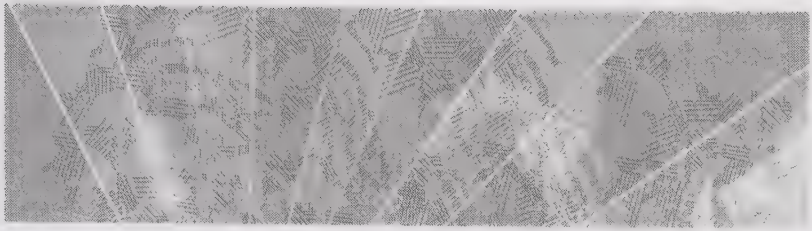
Your credit scores take into account the "mix" of credit items you have on your report. This part of your credit score is affected by what kinds of accounts you have and how many of each. The bureaus will score you higher if you have an open mortgage, three credit cards, one auto loan, and a small amount of other open accounts.

If you have a ton of credit cards, your scores will be lower. If you have several mortgages, your scores will be lower.

Any "unhealthy" account mixes lower your scores. The preferred number of credit cards is three. This means you will actually have a higher credit score if you have three open credit card accounts. If you have more or less than three open credit card accounts, your credit score will be lower.

Don't run out and cancel your cards just yet. Remember, 30% of your score is comprised of your balances in relation to your high credit limit. So keep your cards open, but focus on having three large balance cards for maximum impact. Maintain a healthy mix of accounts, and this aspect of your credit score will be golden.

There are many different credit scoring models available for creditors. But the underlying makeup of the score is consistent. Now you know exactly how your credit score works. With this information, you can make even minor adjustments to how you use credit and see a major increase to your scores.



CHAPTER 4

Reading Your Credit Report

There is only one true way to get a free copy of your credit report with no strings attached. You can only request your report online at ***www.annualcreditreport.com***. You can also download the request form at

www.ftc.gov/credit and mail it to Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Or you can call toll-free to receive your credit report at ***1-877-322-8228***. You should be able to download your credit report immediately on the Annual Credit Report Web site. It will take up to 15 days to receive your report if ordering by mail or phone.

You can also sign up for a credit monitoring service and receive a free report for 30 days. But you will be required with most to give your credit card information, and then auto charged after that indefinitely, until you cancel.

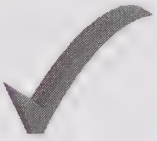
These reports still update every 30 days, giving you constant access to your reports. This is great for constantly monitoring your credit for updates, changes, and errors.

There are many of these credit-monitoring services out there. Some of the most popular sites are ***www.FreeCreditReport.com***, ***www.TrueCredit.com***, and ***www.CreditKeeper.com***. Their pricing is about the same, $14.99-$30.99 monthly.

Credit Keeper is one of the best I have found at ***www.CreditKeeper.com***. They are the cheapest, at about $9.99 monthly, and for that price you receive all three credit bureaus with credit scores.

Plus they are not owned by the credit bureaus, so they won't profit off you obtaining your report. And many of the bureau monitoring services use a rarely used score model. At the time of writing this, Credit Keeper uses a model similar to the consumer FICO 08 scoring model. This is the most commonly used consumer model, and the one you will want to monitor your scores on.

True Credit just switched to Advantage Score. They did this because they are owned by Trans Union, and the Advantage Score is the model that the credit bureaus designed and sell. The problem is, nobody else uses that model. Car dealers, mortgage companies, and just about everyone else use a Fair Isaac model of some sort.



There is only one true way to get a free copy of your credit report with no strings attached.

You probably don't want to monitor your credit progress with a scoring model nobody else uses. So stick with Credit Keeper, or a monitoring

service not owned by the credit bureaus and you should be very happy with the reports you receive and the low cost.

You will receive your first 30 days free, and you will get a new credit report every 30 days thereafter. These reports are nice to have, but really only essential for any kind of credit repair you might do.

If repairing your credit, you will be able to easily compare your reports month-to-month with these monitoring services. You will be able to see what was on the reports and then see the items deleted or updated on the newer reports. You can then plan out your next round of disputes, so you can see more improvement in the next 30 days.

So try to do everything you can do to sign up for a monitoring service to keep a good eye on your credit. If you don't find a need to constantly monitor your reports, at least obtain the free copy you are entitled to each year from ***www.annualcreditreport.com***.

How to Receive and Read Your Report

Once you have a copy of your credit report, the next step is reading and interpreting all the data on your report. The more you know the better you can monitor your reports for errors, so you can dispute any inaccurate information.

After you sign up for a credit monitoring service, sit down with your credit report. Go through your report section by section, and highlight all the negative items you want to address in your disputes.

If you don't find a need to constantly monitor your reports, at least obtain the free copy.

Personal Profile

Every credit report has a personal profile section. This area covers your current and past addresses and employers, your date of birth, and AKA information. You will first want to start by looking at the spelling of your name and your other aliases.

You will probably want to dispute any aliases you don't want on your credit report. In many cases, these aliases are the result of people pulling your credit report and misspelling your

name. You might apply for a car loan and when they initially pull your credit, they might be a letter off when they enter your name. The credit bureaus link the pull to you, based on the social security number, and an AKA or alias appears on your credit report.

You probably won't want that on your report for the rest of your life. So dispute any of those aliases that you may want off your report.

You will also want to look at your address information. If there are previous addresses you don't want listed on your report, addresses you are not familiar with, misspelled addresses, or even relative's addresses, you will probably want to dispute those items to have them removed. Follow the same process with your employment information.

Dispute any inaccurate and unwanted information that appears on your report. Ensure that your name is spelled correctly, your date of birth is correct, and that your social security number is listed accurately.

Take your time and really review this section of your report. This will help reduce identity theft and ensure your credit doesn't get mixed up with others, which commonly happens.

Inquiries

An inquiry is left on your credit report when you apply for new credit. The creditor requests a credit report from the credit bureaus and an inquiry from that creditor then appears on your report. There are a few concerns you should have about inquiries. They do reveal spending patterns for you. And there are lenders who look at this while making lending decisions.

If you show a lot of inquires for credit cards in a short period, a lender offering a car loan might see you as a higher risk. Or the car dealership might even look at your inquiries to see where else you have been shopping or to see if you have been previously denied.

Employers even look at your inquiries to see what patterns might stick out. In a tough employment market, you don't want your future employer reviewing your spending habits before hiring you.

The amount of new credit you apply for accounts for 10% of your total credit score. This aspect of your credit score is based on the inquiries on your report. If you have a lot of inquires in a short period of time, your credit scores will decrease.

If you go out next week and apply for a Capital One credit card, your credit scores might decrease one point on an 850 point

Creditors rarely respond to inquiry disputes.

scale. But if you apply for seven credit cards next week, your scores might drop twenty points, due to applying for too much.

Inquiries can lower your credit scores. This is just one more reason you might want to dispute your inquiries and have them deleted. Creditors rarely respond to inquiry disputes, so this section of your credit report is easier to clean up.

Summary Section

Each credit report has an account summary section that outlines your entire report. This section shows lots of details including how many accounts you have open, closed, revolving, installment, real estate, debt outstanding, debt in collections, and more.

Take a look at each section. Do the balances owed on accounts look correct? Look at the closed and current accounts. Do those numbers look accurate? In this section you will also

want to compare the different credit bureaus' information. Here you will typically see many differences. Investigate those differences as you review your report.

Don't be surprised to see big differences in what the credit bureaus report. The total amount of open and closed accounts, debt you owe, even balances and payments on individual accounts, are nearly always reported inaccurately.

Pay close attention to the "Derogatory" section of the summary. Look at inquiries, public records, collection accounts, current and prior delinquencies. This is also a good section to also monitor your overall credit progress if you are disputing any inaccurate information.

Account History

Many reports break down your account history into account types. One section might be dedicated to real estate accounts, then revolving accounts, installment loans, public records, and any other categories for other account types.

Look through each section at the details on each account. You will find the creditor's name, account number, date opened, monthly payment, high balance, past due amount, and balance owed for each account.

Each account shows an Account Status, also. This might show as a number from 1-9. It also might report as a status like open, closed, or unpaid collection. The account type reflects what kind of credit account it is. Some tags include: Installment, Mortgage, or Revolving.

Many times, creditors manipulate this data, also. Some account types have a greater impact on your credit score, so ensure yours are listed accurately. You can also review your Payment Status for more details on the account. This will show if it is being reported as a collection, 30 days late, or even paid as agreed.

The 24-month payment history reflects your payments for the most recent two years. Many monitoring services color code this section, making it easy to spot your derogatory credit items. Look for 30, 60, 90, and 120 late payments. You will also want to look for collections or accounts reported as CO. Those are all damaging to your reports and items you will want to dispute if inaccurate.

Public Records

Public records are all bankruptcies, judgments, tax liens, and all other public record types. This is one of the most harmful sections of your report and one that will demand your immediate attention. Review this section thoroughly. You will find

the record type, court docket or account numbers, date filed or originally reported, and other important data that might be erroneous and need your attention.

Rarely, will you find that bankruptcies report accurately. But the bankruptcy and the accounts in the bankruptcy will remain on your credit for ten years instead of seven years like normal accounts. Judgments can remain on your credit for ten years or more. And tax liens can stay on your credit, indefinitely. So you will want to pay very special attention to your public records section.

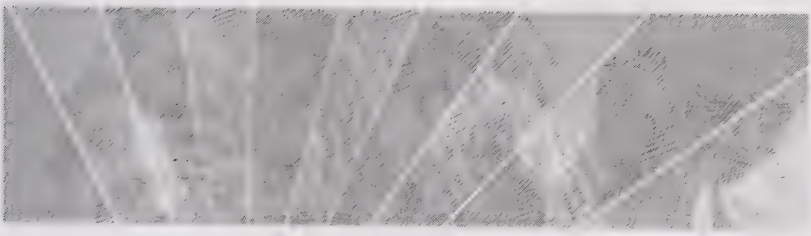
All the Other Details

Each credit monitoring service has its own special sections of information they give you on your credit reports. Some of these are details on factors affecting your credit scores, detailed overviews of credit patterns, and details on more discrepancy items on your reports.

Take the time to review these sections. There is an abundance of information that you are paying for with the service. So enjoy the bonuses.

If you have not recently obtained a copy of your credit report, stop reading this book and please do so now. It is

essential that you know what is on your report. This is the first step to ensuring you have a positive credit and financial future.



CHAPTER 5

How Credit Repair Really Works

Credit repair is the systematic disputing of erroneous, inaccurate, and unverifiable credit report accounts for the purpose of having them deleted.

The Fair Credit Reporting Act originally became law in 1971. This law allows consumers many rights, including the right to dispute inaccurate information on their credit report. This law has gone through many updates, amendments, and changes over the last few decades.

Most recently, the Fair and Accurate Credit Transaction Act (FACTA) of 2003 added new sections expanding consumer coverage. FACTA permits consumers many rights, including the right to receive a free copy of their credit report each year.

There are also strong regulations on how creditors must deal with identity theft cases, fraud alerts, and how they must dispose of consumer information. Most importantly, the Fair Credit Reporting Act and FACTA allow consumers the right to dispute inaccurate information on their reports.

The exact language reads, "If the completeness or accuracy of any item of information contained in a consumer's file at a consumer reporting agency is disputed by the consumer and the consumer notifies the agency directly of such dispute, the agency shall reinvestigate free of charge and record the current status of the disputed information, or delete the item from the file in accordance with paragraph (5), before the end of the 30-day period beginning on the

date on which the agency receives the notice of the dispute from the consumer."

There are also many other points and rights presented by the Fair Credit Reporting Act, allowing consumers to challenge the validity of their reports. Once challenged, it then becomes the creditor's responsibility by law to respond to and validate those disputes. This law, this language, and consumer rights to challenge their credit reports are the foundation of credit repair.

Credit Repair Effectiveness

"Credit repair doesn't work!" This statement is almost like an urban myth now. Creditors spend millions of dollars each year trying to convince consumers just like you that there is nothing you can do to repair your credit.

As a result, most people have heard that credit repair doesn't work at all. This is exactly what creditors and credit bureaus want you to believe, so you don't even try to dispute your inaccurate accounts.

But the truth is radically different than the myth. The truth is: Credit repair is the most effective way you can actually repair your credit.

The Credit Repair Secret

Credit repair is extremely effective. But results will vary ***greatly***, based on your knowledge and your methodology of how you dispute. If you just mail letters to the credit bureaus not understanding their OCR and E-Oscar computers, your results will not be very good.

The same applies if you dispute online with the credit bureaus. If you take this step, your results again won't be very good. One of the main issues with credit repair effectiveness is that the repair isn't done properly.

You will learn a lot of concrete in this book that will help you increase your credit score. You will have access to the knowledge you need and access to the most advanced dispute tactics in existence. If you follow this system, you should be able to have your erroneous, inaccurate, and unverifiable information removed from your credit reports.

What Makes Credit Repair Effective

In the past, credit repair methods included overloading the credit bureaus with letters. The hope was to mail lots of disputes to the bureaus, confuse the person entering the disputes, hope the creditor doesn't respond in time, and the item gets removed.

These types of methods are rarely effective anymore. Even if items get deleted, they are usually put back on the credit report shortly thereafter. This is because the creditor has 30 days to respond to the dispute. If they don't respond, the item gets deleted. But even if they respond 60 days later, the item can legally be put back on the report.

To effectively and permanently delete negative credit items, you have to ensure the item gets deleted because the creditor or credit bureaus made mistakes or can't verify the item. Then the item will be deleted and stay permanently off your report.

The credit bureaus have gotten much smarter over the years. Most of the dispute process is now automated through two computer systems the credit bureaus use. These computers are the key to success in the dispute process, so understanding them is very important.

OCR

OCR is the first line of defense the credit bureaus use against your disputes. OCR stands for Optical Character Recognition and is used to read every dispute letter you send into the credit bureaus. The computer basically reads your dispute to uncover

several things. First, it attempts to see if the dispute is legitimate or what they call frivolous.

The system also automatically categorizes the disputes and flags disputes, creating stall tactics if they feel you are actually trying to improve your credit instead of just disputing one account you might have a question on.

OCR also stores these disputes in a detailed database and auto categorizes disputes with a dispute reason code. This way, you can't dispute again for that same reason or it will not be investigated and instead called "frivolous."

OCR is designed to reduce credit bureau human error and to ensure your disputes are stalled or voided at any chance it gets. It will even read your letters, including the font, paper, color of font, spelling, and other variables to try to see if you have used that letter before, OR if you are using a template letter to dispute.

If OCR thinks you are using a template letter that has been used before or sees another dispute for the same account with a similar reason, it marks it as frivolous and won't investigate the dispute. If it does accept your dispute letter, it auto categorizes and processes the dispute with no human intervention.

This is ***exactly*** why you ***never*** want to dispute online. Part of the success of disputing is to create confusion with

the creditors and the bureaus. When you dispute online, you remove humans from the process. This makes it much easier for that dispute to be validated and for the item to remain on your report..

Disputing online is basically spoon feeding OCR. The credit bureaus love it, which is why they make it so convenient for you. But your results will substantially suffer, and your results will be much worse if disputing online.

OCR is also the reason you don't want to just send in letters to the credit bureau, not knowing what you are doing. If you dispute for a similar reason twice, the item is then listed as frivolous, making it very hard to dispute again. The same applies if you are using a common dispute letter or a credit repair company who doesn't custom tailor their disputes.

If OCR picks up these things, your dispute results will suffer greatly. It will then make it much harder to ever get those items deleted.

Success with OCR

Some of our company dispute letters look like they were done by kindergartners. Yes, we do even use crayons and mark-

ers to write out some letters. We ALWAYS misspell words and enter some sentences that make no sense. We even dispute in Spanish and French when we can.

You want to use any method you can use to confuse OCR and get your disputes in front of an actual person. There are many ways you can accomplish this.

One of the first successful methods you can use is to do your disputes on heavy stock paper. Using "card stock" paper is a great method because OCR cannot be fed this thickness of paper. In using this paper, you almost automatically get your disputes in front of a human being.

Always change your fonts on your letters if typing them out, and change the color of your fonts. Make sure you misspell words so the disputes don't look like they are coming from a professional credit repair company. And enter wording and sentences that don't make sense, in an attempt to confuse OCR.

It is always a great idea to hand-write your dispute letters. This is one of the most proven methods to get your letters to bypass OCR. In writing your letters by hand, there are several other methods you can use to get past OCR. Use markers and crayons to do the disputes. You can also use pen and pencil, but make sure you misspell words and add occasional sentences that don't make sense.

So, your main goal for maximum success in disputing to the credit bureaus is to bypass OCR and get your letters in front of a human being.

You want to use any method you can use to confuse OCR.

e-OSCAR

All three credit bureaus use e-OSCAR (Online Solution for Complete and Accurate Reporting), which is a Web-based automated dispute system. This is the computer where the credit bureaus input disputes and those disputes are then delivered to the Data Furnisher or creditor being disputed.

Again, the success in disputing has mostly been human confusion and error; therefore, e-OSCAR is one more way the credit bureaus automate the process to eliminate human error. e-OSCAR reads your dispute and assigns a two-digit reason code. This reason code is the reason for the dispute, such as the account is not yours, you were never late, etc.

This code is the ***only*** content that is pulled out of your letters, and the only content your creditors and the bureaus care about. They look at what account you are disputing and the reason for the dispute.

It doesn't matter if your letter comes from an attorney or that you outline a big sob story to the credit bureaus. OCR or a human at the credit bureaus gets your letter and only enters the ***reason*** for your dispute in a code format.

This is the only information the creditor then sees. They know the account that is being disputed, the consumer who is disputing it, and the two-character reason code for why the account is being disputed.

The creditor then validates the account as accurate, acknowledges that it is incorrect and deletes, or doesn't respond at all within 30 days and the credit bureaus delete. Again, all the creditor has to do is verify the account on their end and in one click validate the item, if accurate.

With the use of e-OSCAR documentation supporting your case, the information sometimes isn't even sent to the creditor. There have even been court cases against the credit bureau in this matter, due to their complete lack of real investigation into the process.

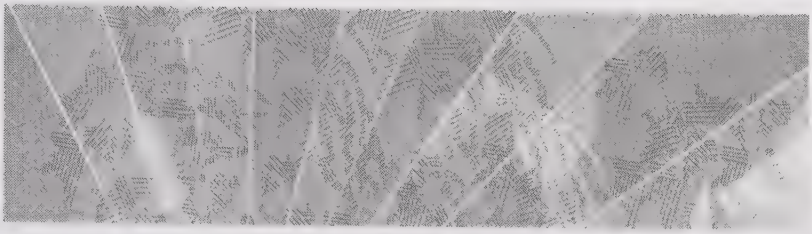
In those cases, Cushman v. Trans Union and Stevenson v. Trans Union, to name two, the credit bureaus lost due to them basically copying the creditor's information instead of actually investigating.

This e-Oscar automation eliminates most of the actual investigation altogether, and most human errors on both the credit bureau and creditor sides are also eliminated.

Success with e-OSCAR

The best way to be successful with e-OSCAR is to use the methods mentioned in the prior Success with OCR section. These methods will get your information past OCR into a human's hands. The "investigator" will then input the information manually into e-OSCAR, which is your first window for an error to be made, and you're the closest you will come to an actual and real dispute.

You might also want to consider disputing multiple erroneous, inaccurate, and unverifiable accounts all at once. When a human actually handles your dispute, it should increase the probability of a deletion.



CHAPTER 6

Disputing Inaccurate Accounts

Every study I have ever seen shows at least 73% of credit reports have errors. Rarely have I ever reviewed a report with a client where we didn't locate erroneous or false reporting accounts. But I have never had a client who had an

error in their favor, never. All "mistakes" on my clients' reports were oddly mistakes against them, mistakes that hurt their credit, and none were "mistakes" that actually helped them.

A client just last week was telling me he reviewed his reports and that the reported negative accounts looked like they should be on there. I suggested we order and review his report. We sat down to do an item-by-item review and he was actually shocked at what was on his actual report when he really looked at the details.

Most of the accounts on his report initially looked correct to him. However, when we looked closer, a whole other story began to appear. Several of those items had incorrect date-of-defaults, a couple others were duplicates with the account numbers slightly modified, and another one had the account balance $9,200 higher than it should have been.

On a quick glance, these are generally overlooked. Even when they are recognized, most people still don't realize the huge score impact those small "mistakes" make to their credit scores. Dates-of-last activity and dates-of-default drastically affect the credit score and the statute-of-limitations on how long the creditor can pursue you for the debt.

Misreported balances on old collections that are falsely high, or high-credit-limits which are reported lower than they

should be, have a very adverse affect on your scores, also. And duplicate accounts reporting means you get the same debt counted against you twice.

I have a lot of clients who feel they made mistakes and deserve to pay the price with having the negative items on the report. I completely respect that, but it still pays to sit down and take a close look at your reports. When doing so, you will most definitely find plenty of mistakes, and when disputed, most of those accounts will be completely deleted.

Remember, you are the only one in the credit system who benefits by your credit profiles being good and accurate. If you review your reports, you will most likely find minor inaccuracies that have a significant negative effect on your credit scores.

The Fair Credit Reporting Act gives you the right to dispute inaccurate items on your report. Don't forget this law was founded due to blatant dishonesty and misuse of consumer information by the credit bureaus. And the bureaus have all been sued or charged since for violating those laws.

All of this means that you are the only one who can and will get involved to improve your credit, and disputing is how you can do it. Your disputing will start by sending letters directly to all three credit bureaus.

The end of this chapter contains some dispute letters based on different reasons that might pertain to your situations. You should start your disputes by finding the errors on your reports and the reasons those items are not accurate. Then you can use or modify any of the letters in this chapter to fit your individual needs.

Dispute Reason Codes

We discussed e-OSCAR reason codes in the prior chapter. Each dispute must be for a different reason, or the credit bureaus will mark it as frivolous and not investigate your dispute. FACTA does allow the credit bureaus to ignore frivolous disputes, so you want to use the letters we outline and don't dispute the same account for the same reason.

For example, you can dispute Capital One due to it not being your account. But then your next dispute should be for something different, like that you never paid it late. And your next dispute should be yet for another reason, like the account number is incorrect. Of course, make sure you're disputing legitimate reasons the account might be incorrect.

If you don't change reasons, the credit bureaus might return your dispute as frivolous. This would then waste a lot of time

and reduce your chances of being able to successfully dispute and delete in the future. This is one of the many reasons you don't want to just blindly send letters into the credit bureaus. If you do this, in many cases you actually ruin your chances of getting the item deleted the right way.

Our research has shown approximately 27 reason codes for the credit bureaus. These are two character codes for the different "reasons" you are disputing the account. The letters we provide you include separate reasons for the dispute. This way, each dispute is for a different reason, is assessed a different reason code by e-OSCAR, and this ensures your disputes won't be labeled as frivolous.

Dispute Them All, or Just a Few

Many consumers wonder if they should dispute only a few of their negative items or all of them. We have found in extensive research that nothing is lost if you dispute all the accounts at once that you find to be inaccurate, unverifiable, or erroneous.

Remember, OCR usually inputs the disputes into the e-OSCAR computer. If you are using the tactics we advise with OCR, your disputes might even get input by a human at the

You should consider disputing five or more accounts with each round of disputes.

credit bureaus, allowing the possibility for more errors.

Either OCR or a human will pull out your dispute because you dispute too many accounts. In both cases, the goal is just to get the disputes in the system fast so they can quickly get forwarded to the creditor.

So even though OCR or a human bureau investigator will see your dispute letters, your letters won't be stopped if you are disputing multiple accounts at once. Those disputes, once entered into e-OSCAR, get sent to the creditors individually. So your creditors won't know either that you are disputing all of your accounts at once.

For this reason, you should consider disputing five or more accounts with each round of disputes. You can even include those disputed accounts on the same dispute letter you mail to the credit bureaus. By disputing more accounts with each round, you will see results much faster.

Since you don't lose any effectiveness with multiple accounts being disputed, consider doing this with each round you dispute. Always try to dispute five or more accounts with each round of disputes. You can put all of these on the same dispute letter; so don't waste your time completing separate letters for each disputed item.

You can only have one active dispute being investigated at a time. So this would cause an issue if you mailed out multiple letters for each individual account. Dispute multiple accounts on the same letter and you will still see very nice results.

What to Include with Your Dispute Letters

There are several things you want to ensure are included in every dispute letter you send. Make sure every dispute letter contains the accurate spelling of your first and last name. You should also include your social security number and current home address.

The credit bureaus will ***not*** dispute unless they ***know*** it is you doing the disputing. Your social security number is the main way the bureaus link your disputes to your credit report. This means you must clearly identify yourself in your letter, with your social security number provided.

The credit bureaus will also require you to supply supporting documentation verifying your identity. They want to see your Driver's License and Social Security Card. They will ***not*** investigate your disputes without this supporting documentation, so include it with each round of disputes.

If you don't have a driver's license, include another legal form of ID. This can include a passport or state ID. If you don't have a Social Security card, provide another form of ID with your social security number on it.

In many cases, you can use a pay-stub or W2 form that has both your name and social security number on it. Just insure you do supply a picture ID and a document verifying your social security number to ensure your disputes are investigated properly and quickly.

You should also include the account name and account number on the dispute letter. List the creditor's name and the account number they are reporting to the credit bureau. Sometimes creditors report separate account numbers to each bureau. Look at each account number for each credit bureau you are disputing. Make sure you have that creditor's account number correct on your dispute letter.

Finding the Best Dispute Letter to Send

The main difference with credit bureau dispute letters is the reason in the letter for the dispute. Remember, you must dispute each time for a different reason to avoid the dispute being labeled as frivolous.

Find the best letter for the reason of your disputes. Is the account yours? Did you pay it late? Does the account belong to someone else? There are many reasons on the letters. Simply pick the one you feel works best for your situation.

If you dispute the account and the creditor verifies that the account is accurately reporting, you will need to dispute again for another reason for something you have found to be done inaccurately.

Remember, you are making the creditor verify the information they reported, as they are required to do by law. If the creditor doesn't have a record of the account anymore, they won't respond or will tell the credit bureaus that it should be deleted.

If you do ***clearly*** know the account is not valid for a particular reason, dispute for that reason and include any supporting documentation you have. This supporting documentation will

not be supplied to the creditor with your dispute, but it does help show the credit bureaus that you can prove your case.

Don't be surprised if you dispute an account you ***know*** is inaccurate, then see that the account is verified. Keep in mind, the creditor doesn't see the evidence you send in with your disputes. You might need to follow our dispute process and send out a few dispute letters; even direct creditor letters, to see the item get deleted.

It is important to keep disputing for ***different*** reasons the account is inaccurate or erroneous until you find a reason they can't verify. If they are verifying the account with these disputes, advanced debt validation techniques should then help get those items deleted. You will learn more about these advanced methods in the following chapter.

Complete and Mail Your Dispute Letter

Now you have all of the fundamentals in the dispute process. It is time to gather your disputes and get them in the mail. Sit down with your credit report to review your negative items. You can then log those items for tracking.

Next you will want to choose the best dispute letter. Dispute the reason the account is not accurate, erroneous, or unveri-

fiable. Complete the dispute letter with your account and personal details. Make sure you include your name, address, and your social security number on the dispute letter. Also make sure you sign the letter.

Ensure you complete the creditors' names and account numbers that you are disputing. Make sure you have the correct account number that is listed on your report for the bureau you are disputing. Remember, account numbers might vary between different credit bureaus.

Include your IDs with your letter. They will want to see your Driver's License and Social Security Card. If you don't have those, supply another state or federal picture ID and additional verification of your social security number.

It is important to keep disputing for different reasons.

Mail your disputes to each credit bureau. The credit bureau addresses are listed later in this chapter. The first address listed is the primary address for each credit bureau.

There are also many more addresses listed for each bureau. Log the date you mail out your disputes.

Waiting For and Checking Your Results

It will take between 30-45 days for you to receive results. In many cases, it will take 40-45 days. Sometimes you will receive results faster, but expect to see them after 40 days. If they do arrive early, you can then be pleasantly surprised.

The Fair and Accurate Credit Transaction Act gives the creditor 30 days to respond to the dispute. This means they have 30 days from the date the dispute is entered by the credit bureaus into e-OSCAR.

You should allow time for the disputes to get mailed to the credit bureau and allow for some time for the bureaus to initiate the dispute. This is why 40-45 days is a good expectant time frame to wait for your results.

FACTA requires the credit bureaus to respond to you by mail with your results, ***only*** if you request they do so in writing. Ensure that you include a sentence on the credit bureau dispute letter requesting that they reply to your dispute by mail. They then are required by law to mail you back your reports.

The credit bureaus will then send you copies of your credit reports by mail. These reports will come in larger than normal envelopes with only P.O. Boxes in the return address section. You will be able to see your results on the first page of most reports you receive, but each bureau's report looks a little different.

Trans Union

Trans Union reports are very easy to read. Their results are on the first page and appear as a list. The list shows you the account name, account number, and the result. You hope to see Deleted. Sometimes you will see Verified, No Change and other times you will see New Information Below.

When the report shows that new information is on the report, it is usually a minor correction to the reported data. The negative item probably still remains, but has been modified. Sometimes this change is the date of last activity, or the balance owed, or whatever other factor that you disputed.

Trans Union will then give you the account details so you can see what information has been updated and changed. And they will give you access to your online credit report with them. This "backdoor" is very valuable. This is where

you can actually see exactly what Trans Union is reporting for you. Sometimes this data isn't 100% accurate through credit monitoring.

But with Trans Union themselves, your credit report is 100% accurate. Check your reports, and enter results per the instructions in the next Track Results section of this guide.

Experian

Your results can be on your Experian reports on page 1 or 2. They also provide you a list summary of your results. This list shows the account name, account number, and status. The status is either: Deleted, Remains, Updated, or Reviewed.

You are shooting for a "Deleted" result. "Remains" is the worst result, as this indicates the item will stay on the report with no change at all. If the account is "Updated," a change was made to the item, but it remains on your report.

If you disputed that the item belongs to you, this status will indicate that they verified it does belong to you. If you disputed the account for another reason, review the report for what was changed. "Reviewed" simply means you need to check the report yourself for results. It can indicate either a deletion or update. You won't see too many of this result type.

Experian will provide you other account details in the report they send. These details include the creditor's name, address, and phone number. You will also see the account number and date originally filed. Many other account details and notes on the account are all available on this report.

Equifax

Equifax reports don't really have a good summary section. You will have to review the account details on your report to see what has changed. They do typically show you the update and deleted accounts on the first two pages of the report. These are under "The Results of Our Investigation," and "Collection Agency."

These sections will tell you the results of the disputes. They will list the creditor's name and account number. They will then tell you in a sentence what the results were. The statuses are much the same as the other credit bureaus. You are striving for a Delete. They will also Update or Verify the account.

If updated, Equifax will tell you in the summary description what exactly was updated. Go through your report item-by-item during your review and highlight all the negative accounts that still remain.

The credit bureau reports give you a lot of additional details you won't find on a credit monitoring report. Review these details thoroughly, as each one is another reason for another dispute. The "Last Reported" with Experian, "Date Paid" with Trans Union, and "Date of 1st Delinquency" with Equifax are ***very*** important indicators.

All of these indicators reflect the date the account was last used or the last time you made a payment. This date is one of the most important dates on your credit report. This is the date that determines how long the account will stay on your credit report. Most derogatory accounts remain on your credit report for seven years.

The seven years is from the date you last made a payment on that account. This is the same date we are discussing here. This date is very important; it reflects how long the negative account is due to remain on your report.

Do It Again

Review and log your results. Make sure that you thoroughly review your reports to find all of the negative items that still remain on your reports.

You will probably see a lot of negatives removed with your early disputes. This is because you are narrowing down the

creditors who actually have enough information on you to even report the item.

The credit bureau reports give you a lot of additional details you won't find on a credit monitoring report.

Many creditors keep bad records or delete your records when the account is sold to collections. This means one simple dispute for any reason will remove many of these accounts. You will also have a lot of creditors who verified or updated the account information. These are creditors you will need to continue disputing to get the items removed.

Once you have your log completed with the negative creditors who still remain, complete the steps mentioned above for mailing out another round of credit bureau disputes. Each month you will want to continue disputing to the credit bureaus. After one or two rounds of these credit bureau disputes, you will be able to narrow down your real problem creditors.

After your first or second round of disputes, you will also want to start some of your advanced dispute tactics.

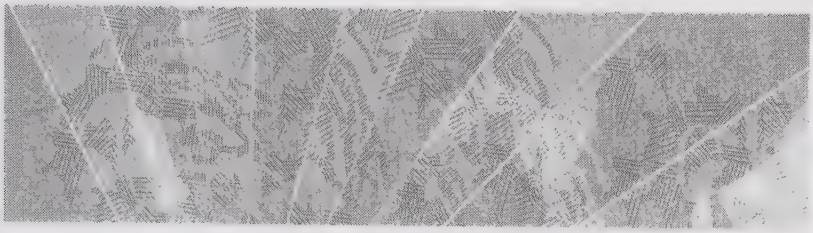
These are usually the creditors who are reporting the most recent data for you. The more recent a negative item is, the greater chance the creditor has all of your information readily available. Those accounts will require more dispute work from you to have them removed.

After your first or second round of disputes, you will also want to start some of your advanced dispute tactics discussed in the next chapter. With both your credit bureau and direct creditor disputing going simultaneously, you will see more success in deleting your recent and more harmful accounts. Still, start with credit bureau disputes to narrow down the creditors who are really going to cause you problems.

Every time you receive results from the credit bureaus, do your review, log your results, and then initiate another round of credit bureau disputes. If you don't receive your reports back from the credit bureaus, review your updated report with your credit monitoring service.

One of the new credit bureau stall tactics is to not even send back the reports to you. After 40 days pass with no results received in the mail, login to your credit monitoring account to see the changes. You will typically find that the credit bureaus did do the investigation and updated your results; they just didn't mail the results back.

If this happens, use your updated credit report through the monitoring service to track your results. You will then log your result and send out another round of disputes for the negative accounts that still remain on your reports.



CHAPTER 7

Advanced Credit Disputing

Proficient credit repair is much more than just sending letters to the credit bureau. The credit bureau dispute process is based on the Fair Credit Reporting Act requirement that disputes be investigated.

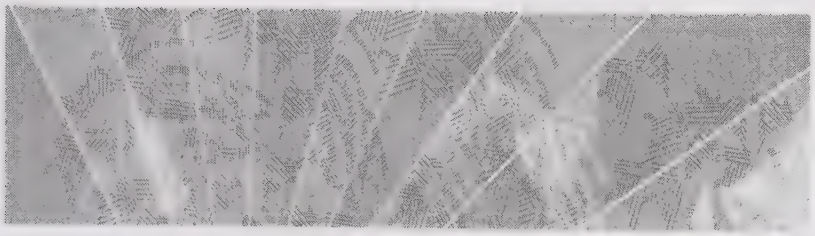
Those disputes are highly effective to help remove inaccurate accounts off your credit reports. Sometimes, creditors are resistant, though, even when you know the item is inaccurate and should be deleted. When this happens, it can be very frustrating.

This is where Advance Credit Repair Tactics come into play. These tactics are how you dispute and remove your most recent and harmful inaccurate accounts. And unlike credit bureau disputes, advanced disputes work within hundreds of laws, not just the Fair Credit Reporting Act.

These disputes are designed to challenge the creditor for compliance with numerous federal laws. Leverage is the main point of Advance Credit Repair Tactics. Your creditor is using the credit report as leverage to get paid. They are even willing to manipulate the data in their favor with the intent of worsening your credit.

If you don't feel you should have to pay an invalid debt, you might think you don't have a lot of leverage to fight back with. Actually, you have a lot of leverage to use to get your items deleted from your reports.

There are more than 200 consumer laws that are designed to protect your rights as a consumer. Your creditors commonly ignore these laws. They blatantly break the law, counting on you not knowing your rights well enough to challenge them. And the truth is, you would have to be an attorney to know and understand all the rights you actually have.



CHAPTER 8

Identity Theft

Identity theft is when a consumer's personal information is used by someone else for personal gain. This crime is quickly becoming one of the biggest and most costly crimes in America. In any given year, approximately 10 million people are victims of identity theft.

Identity theft happens in many ways. Some common forms of identity theft are credit card and utilities fraud, bank and loan fraud, and even government fraud. Identity theft destroys credit profiles, so prevention is always the best solution.

Prevention means flagging your own reports, making it harder for anyone to gain access to your credit profile, and keeping an eye on your credit report monthly with a good credit monitoring service. Or you can consider hiring an outside company to monitor your credit for you.

Safeguarding your personal information is also very important to identity theft prevention. Shred all personal documents instead of throwing them away. Change your passwords regularly on your personal accounts also.

Be very protective of your identity, and monitor your credit profile regularly to prevent identity theft. But if your identity is stolen and your credit report is damaged, the rest of this chapter will show you exactly how to deal with fixing the damage.

Fixing Damage with the Credit Bureaus

Identity theft cases are handled differently than any other dispute. This is due to FACTA having a certain section dedicated to how these disputes ***must*** be handled.

The credit bureaus have very strict restrictions on how they handle identity theft cases. If you take the steps listed below, by law they must delete the negative item from your report. There is no grey area in FACTA. If you prove the identity theft, the credit bureaus ***must*** delete the item from your credit reports.

This is an extremely effective way to have these items permanently removed from your credit report, guaranteed. But you must first file some official reports and complaints with state and federal agencies to establish that you are truly dealing with an identity theft case.

First, you must know whoever is responsible for the theft will be pursued and prosecuted if you take the official steps to correct your credit. You can dispute ID theft cases like the other disputes we outlined in this book. This would mean the person who stole your ID would not get in trouble, but it will probably take you longer to correct your credit.

Most of our ID theft clients had their ID stolen from someone they knew well. In many cases, it was a family member who actually stole the ID and used it to apply for new credit. If you don't want to get the person in trouble who stole your ID, do ***not*** follow the steps we outline here in this chapter that have to do with filing police reports and formal federal complaints.

Police Report

The first step you will need to take is to file a police report. You can call your local police station or sheriff's office. Tell them you have had your ID stolen and that you want to file a police report.

They will take information from you to complete the police report. This is where they will ask you if you know who did it, and where they will request information to pursue that person if you do know who stole and used your identity.

At the end of the call, they usually tell you where and when you can pick up your report when the officer has it completed. Make sure you get a copy of the police report, as it will be required to file the official identity theft report with the credit bureaus.

Identify Theft Federal Trade Commission Complaint

The second main component of an official identity theft dispute is a fraud complaint with the Federal Trade Commission. After you file your police report, go online to file your official identity theft complaint with the FTC. To get started visit ***https://www.ftccomplaintassistant.gov/***.

This "complaint assist" system with the Federal Trade Commission will then walk you through the complaint process.

Answer the questions as you make it through the complaint process. These are the basic questions they ask to get the dispute started. The rest of the questions are then specific to the identity theft instances that occurred.

At the end, of course, they then ask for all of your personal information and allow you to print the entire form. You will then need to use this form along with your police report to file your official identity theft complaint with the credit bureaus.

Filing the Complaint with the Credit Bureaus

Now you should have your police report and complaint form from the Federal Trade Commission. You will want to include those when you submit this information.

To learn more about identity theft and how the Federal Trade Commission handles these cases, visit ***http://www.ftc.gov/bcp/edu/pubs/consumer/idtheft/idt04.shtm***.

Fraud Alerts

A fraud alert will be placed on your report when you have an identity theft case or when you request that one be added to your report.

You have most definitely seen ID theft protection companies on television. These companies solicit the credit bureaus to have a "fraud alert" placed on your credit report. This fraud alert makes it tougher for people to access your credit report and use it to apply for new credit.

The alert is placed on the report. The creditors see this alert when you apply for credit. They will then require additional identifying documentation from you to process your application. So if you put a fraud alert on your report, then go to apply for a car loan, the car dealer would then require additional ID from you to verify your identity.

Fraud alerts do give you an extra layer of protection against ID theft, as the creditor has to follow strict guidelines in verifying your identity. But keep in mind, you will be the one who is most hassled by a fraud alert on your report.

Each time you need to apply for new credit, you will be put through an extra series of steps to verify your ID. This will slow down your approval process, for sure, and in some cases this can become a bit of an annoyance.

So, only put a fraud alert on your report if you know someone is trying to steal your identity and use it in applying for new credit. You can easily place a fraud alert on your credit report. There is no need to pay a company monthly to do this for you, as the process is fast and easy to do this yourself.

Identity theft companies also charge you to monitor your report for suspicious activity. You can monitor this yourself also, or you can hire one of those companies to do it for you, if you wish.

Even if you do hire another company to monitor this, you still need to access your credit reports one or two times per year on your own to verify that no unauthorized activity is happening to your reports. You know what is on your credit report better than anyone else. So your eyes need to see your reports to insure that your ID is safe and your credit is intact.

Placing a Fraud Alert on your Report

Filing a fraud alert on your credit is fast and easy to do. You can either call the credit bureaus or file for your alert online. Following are the phone numbers and Web addresses which you will need to file your complaint.

The fraud alert will instantly be placed on your report, whether you are requesting the alert by phone or the bureau

Web sites. A statement will be added to your credit reports noting that you may be a victim of fraud and that creditors should take additional steps to protect your identity before extending credit.

Here is the contact information you will need for the bureaus to file for this fraud alert.

Equifax Fraud Department

(888) 766-0008

Web: ***https://www.alerts.equifax.com/AutoFraud_Online/jsp/fraudAlert.jsp***

Experian Fraud Department

(888) EXPERIAN (888-397-3742)

Web: ***www.experian.com/fraud***

Trans Union Fraud Department

(800) 680-7289

Web: ***www.transunion.com/corporate/personal/fraudIdentityTheft/fraudPrevention/fraudAlert.page***

When you request your alert online, the Web page will ask for some basic information about who you are. The form is pretty simple and easy to complete. When you call in to request your alert, you will be asked similar questions.

Once you complete the questions, a red flag will show on your report for this new fraud alert. Any future creditor you then apply with will see this alert and request additional identification to issue credit.

Fraud alerts are a great way to prevent identity theft. They add another layer of protection to ensure your credit profile is protected. And these alerts are fast and easy to have placed on your credit reports.

Fixing Fraud Fast

FACTA has a lot of language about fraud and identity theft. It also imposes strict regulations on how the credit bureaus must deal with these cases. You can call the credit bureaus also to have fraud and identity theft items deleted from your report. The credit bureaus are very careful with how they then handle these disputes.

They typically delete the item immediately, and then conduct an investigation. Their investigation will determine if your

complaint is valid or not. This is a great tactic because they usually delete first and then investigate. But you ***have*** to make sure if you do this that the account you are calling on ***really*** is fraud or identity theft.

If you report an item being reported as fraud and it isn't fraud at all, you could be in some ***big*** trouble. Because by doing this you will be committing fraud yourself. From there you could face civil and criminal battles. If you don't legitimately have a fraud case, do ***not*** use this method.

If you do have a legitimate fraud case you want to clear up right away, call the bureaus. Tell them you need to report fraud on your report and provide the account name and number. You will also need to tell them what the fraud is. They should then delete the item and initiate an investigation. If their investigation concludes there was fraud, the item will then stay deleted from your report.

You can reach the credit bureaus by phone on their numbers below.

Equifax Fraud Department

(888) 766-0008

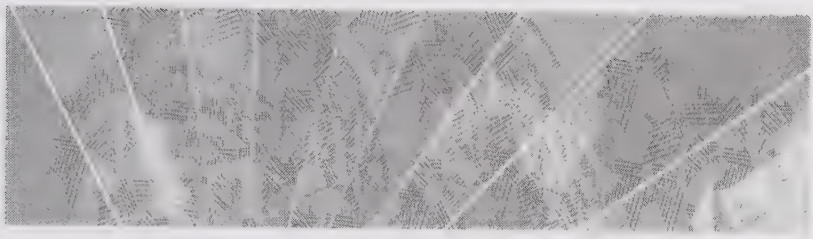
Experian Fraud Department

(888) EXPERIAN (888-397-3742)

Trans Union Fraud Department

(800) 680-7289

Protecting your identity is the best defense to prevent ID theft. But if your ID is stolen, make sure you place a fraud alert on your credit report, immediately. Then you can follow the steps in this chapter to correct the damage.



CHAPTER 9

Pay to Delete

Earlier in this book, you learned how paying off a collection can actually hurt your credit scores. The reason is that you update the date-of-last-activity on your report. This then keeps that account on your credit report longer and the bureaus read the pay-off as recent negative activity that adversely affects your credit scores.

There is only ***one*** way to fix credit: Remove the negative items from the report. Paying them to $0 balances won't help. Instead, you need to remove all evidence of the item's existence, as if it never happened. The credit bureaus don't have a memory. This means your report is a snapshot of what your credit is during a certain point of time.

If you get a negative item deleted from your report, future creditors will ***never*** know it was ever there to begin with, and your credit scores will react to the deletion the same way. They increase as if the negative account were never there.

To fix credit, you ***must*** have the item deleted. This is why we advise clients to never pay off their negative items without trying to dispute and investigate first.

Through the dispute process, you will remove most of your negative accounts from your reports. The items you can't get removed through deletion, you might want to negotiate to have them removed.

Your "leverage" is the balance you still owe on the debt and the fact that the creditor or collection company wants to still get paid. This is the leverage you will need to use in order to get that item ***deleted*** from your credit report.

You ***don't*** want to have the creditor tell you they will ***update*** your account or report it as a $0 balance. You must be ***clear*** that you want the item ***deleted*** from your report; that is the only way you will fix your credit.

This process is called Pay-to-Delete for obvious reasons. You are ***paying*** to have the item ***deleted*** from your report.

You are paying to have the item deleted from your report.

Understanding the Collection Process

Most of your debts will be negotiated by a collection company and, in many of these cases, these collection companies purchased the debt from Wall Street.

In some cases, a creditor will hire a collection company to pursue you. But after two years in most cases, and one year in many cases, the creditor "writes-off" the debt on their side.

Very few collection companies even have what they are required by law to have in order to collect on the debt.

They then sell the debt in a bad debt pool on Wall Street for literally 5 cents to 25 cents on the dollar. Then a collection company purchases this debt in "bundles." A bundle is really an Excel file with a bunch of consumer data.

It might contain 10,000 consumers who have defaulted with that creditor. The list might have the name of the consumer, address, phone number, and account details. In many cases with collection companies, this is ***all*** the evidence they have to try to collect on that debt. This is why disputing removes so many collections, especially with advanced tactics.

In reality, very few collection companies even have what they are required by law to have in order to collect on the debt in the first place. Once challenged, they concede and delete the item knowing they don't have the documentation they need.

Now you understand the situation you are facing when you speak with collection companies. Also know that they will almost always accept at 50% or less of the debt. This is because they bought the debt for 5 cents on the dollar.

So, if your credit card balance was $1,000, the collection company purchased the rights to that debt for $50. Yes, they will gladly accept a payoff of $500.

The only case where they won't is when they successfully file a judgment, which is rare. They are tough to negotiate with when a judge has determined that you have to pay them. Again, this is rare, and in most cases they will gladly negotiate with you.

When to Use Pay-to-Delete

There are a few times you want to consider paying off a debt to have it deleted from your report. The first instance is where you have tried all other dispute methods, unsuccessfully. This might occur if you have disputed to the credit bureaus many times and used many advanced tactics that have also not worked.

If you have used the dispute methods in this book, you should only have a very small percentage of creditors who need paid off to delete the item. In those few cases, the debts are prob-

ably pretty recent and the creditor or collection company might have all the records and documentation they need to report the debt. So they will keep fighting back because they think they have enough evidence to validate the debt.

Another case where you might want to use Pay-to-Delete is when the debt keeps being reported by new collection companies. These debt pools are not just sold to one collection company.

Many companies purchase this debt, and then try to collect. Later you will find out how to use this to your advantage for a Pay-to-Delete. This buying of your debt is not the main issue. The problem occurs when multiple companies start reporting the debts against you, one after the other.

So let's say you had a bad Capital One debt. You disputed it and were successful, and the item was deleted. Two months later, your credit score goes down and you see that a new collection company is now reporting that debt.

So you turn around and successfully dispute and delete that account. Another month passes and again another company is reporting that debt. In this kind of case, you might want to consider a Pay-to-Delete. This might especially be true if you need your credit scores to be at a certain number to qualify for financing.

When the debt keeps getting sold, then reported by different companies, your scores will continue to drop each time the new collection appears. You might choose just to negotiate and get that debt paid off, so that no more companies buy and re-report the debt. Or, you might just continue the disputing and delete the collections as they appear.

The choice is yours, in that instance, but a Pay-to-Delete would permanently remedy your problem. These are the most common cases where you might want to consider a Pay-to-Delete.

The problem occurs when multiple companies start reporting the debts against you.

How to Get an Item Deleted By Pay-to-Delete

To get an item deleted you want to first find out how much you want to pay on the debt. The common end place is 50% settlement, but that doesn't mean you can't negotiate more.

First, figure out what you are willing to pay on the debt, and then call the collection company. You will usually have someone assigned to your account, so write down the name of that person. Let them know that you are serious about paying off that debt, but don't have all the money to pay it off. Still, you want to "do the right thing" and put it behind you.

Ensure that they confirm that they will **delete** the item from your report.

This is the language they will try to speak at you with, so hit them with it first so they take a step back. Ask them what they can accept for payoff, and listen to what they offer. From here a negotiation begins between what they are offering you and what you want to pay.

If you are willing to settle for 50%, the negotiation will in most cases be very short. This is because they usually accept those terms with no issue. Once you get numbers worked out, and have agreed to a price, then you will want to let your representative

know that you need to ensure the item is ***deleted*** from your credit report.

Let them know that you need something in writing stating that the item will be deleted from your report. This is where they might begin a play on words. They might tell you that they will update or change the account. Don't accept anything other than them agreeing to ***delete*** the item.

Ensure that they confirm that they will ***delete*** the item from your report and that they will give it to you in writing. If they won't give it to you in writing, record the phone call. One way or another, get confirmation from them and try to do it in writing.

If They Say Yes

If they agree, you are all set. Get your letter from the creditor or collection agency agreeing they will delete the item from your report, and pay them what you agreed.

You will then want to send a copy of this letter to the credit bureau with a general dispute letter, stating that the account is inaccurate and demand deletion. Wait for the results from the credit bureau and keep an eye on your credit monitoring account. Ensure that this item does get deleted.

If the creditor gives you the letter and agrees, you should then see that the item is deleted. I have never seen a case where this doesn't happen, but make sure you get the letter agreeing that they will ***delete*** the account from your credit reports. Then you should see the item removed 40-45 days later.

If They Say No

In most cases, creditors and collection companies will not just roll over and give you this letter. They will typically put up some type of resistance. You already know the first tactic they will use, telling you they will ***update*** your report; and you also know to insist on a deletion, not an update.

They will also tell you that they ***can't*** delete the item from your report. They will tell you it is against the law, they don't have the authority, or any number of other excuses. The truth is: They have every right to request the item deleted. Further, the process for them to request this is ***very*** simple.

They only complete a simple form known as a Universal Data Form. This is basically the same form the credit bureaus use to process your credit disputes to your creditors. The process takes less than five minutes for them to complete the form and send it back to the bureaus. And it is 100% legal, and they 100% have every right to do this.

Even though they will sometimes insist they can't delete the item, no matter what they say, ***know*** that they absolutely can delete that item. If the collection company tells you they can't delete the item, request clarification. Tell them that they ***can*** do this. Then ask that before you move forward with the conversation that they acknowledge that this is something they ***can*** do. This will rattle them, but be insistent that they acknowledge that they ***can*** do this. You might even want to say to them, "All you need to do is complete and return the Universal Data Form."

Make sure you get the letter agreeing that they will **delete** the account from your credit reports.

That statement shows them that you know what you are talking about. Then be very nice and tell your representative that you ***know*** it can be done. Let them know you also understand that they might not have the authority to authorize that. Let them know again that you are ready to pay off the debt as agreed; you just need confirmation that the item will be deleted.

Then politely tell your representative that if they don't have the authority to authorize this, that you would like to speak with a supervisor who does have that authority. Talk this out with your representative or get a supervisor on the phone. In most cases you will be dealing with collection companies.

You can let them know that you are serious about paying off the debt. If they are serious about taking your money, then they will agree to take five minutes to complete the Universal Data Form and everyone wins.

Remind them that you already have the original creditor on your credit report and there is no reason for their account to also be reported. You want to do the right thing and pay off the debt; they should do the right thing and delete their duplicate report.

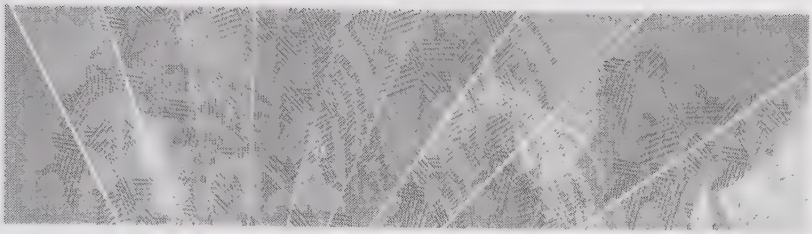
Also, remind them that if they won't do this, then they are not serious about taking your money. You will just wait to speak with another collection company for that debt that will take your money and delete the item.

They might tell you that the item will remain on the report in that instance, but remind them that they are saying it will remain on your report anyway, even if you pay them. In the end, demand confirmation that they delete the item in return for payment.

If they won't accept this, ***don't*** pay it off. You will gain nothing and lose the only leverage you have. Try to work this out with the collection company. If they won't work with you, keep disputing.

Another collection company will report that you can deal with. Then when this company no longer holds the debt, ***pound*** them with disputes. They won't waste tons of time fighting back when they don't hold the debt, and have nothing to gain by fighting with you.

Don't pay off that debt without them agreeing to delete, and don't accept their excuses if they tell you they can't do it. Stand your ground so that they know you are serious and know what they can do. In most cases they will agree to delete in return for payment, if you are insistent.



CHAPTER 10

Legal Liability and Statute of Limitations

Credit repair will ***not*** remove your legal liability to pay your debts. Even if you do delete your negative credit items from your credit report, you will still legally owe

that debt. If you pay off the debt or collection, the damage will still remain on the credit report.

The ***debt owed*** and ***credit reported*** are two completely separate elements. If you still owe a creditor money, then you delete the account from your credit report, you still owe that creditor money. They can still legally pursue you for that debt, if they chose to do so.

There are endless benefits to having a great credit profile.

If you have a judgment, or garnishment of wages, having the item deleted will not make that debt go away. You will still owe the debt, even if the item is not on the credit report. The purpose of repairing your credit is so that future creditors, who review your reports, will not see the prior damage.

This will help you get approved for the financing you need, and at a very good interest rate. You will also be able to re-negotiate with

your current debtors when your credit profile is repaired, lowering those interest rates and payments.

There are endless benefits to having a great credit profile. Just keep in mind when you see those reports coming back with all those deletions, you do still legally owe those debts. You might require the services of an attorney if you want to pursue the creditor if you desire to remove this liability.

Statute of Limitations (SoL)

Almost all of the creditors on your credit report have a statute of limitations (SoL) for how long they can attempt to collect on a debt. The SoL is the legal time frame that the debt can be pursued through the court system.

There are some accounts that have no statute of limitations. Below is a list of most of those debt types.

- Federal Student Loans
- Most Types of Fines
- Past Due Child Support
- Taxes and Tax Liens

The statute of limitations is typically based on the state you live in now or the state where the debt originally occurred (the state you were in when you originally applied for the debt). Every state is different, so you might want to research the limitations in your state on your account types. You can research your state's civil debt collection codes.

According to the Fair Debt Collection Practices Act, most ***unsecured*** debt expires in three to six years. Contracts such as car loans expire after six years. Judgments can last up to 20 years and can indefinitely be renewed.

Those dates are typically based on the date of default (when you stopped making payments), but some contracts might extend to the original contract date. This also varies based on state law.

These statutes are important to you for a few reasons. First, there may be some disputes based on the debtor not being able to collect on the debt due to the statute of limitations expiring.

Second, this is why you never want to make any kind of payment to a collection company. The time they can collect would then extend from the time you made your last payment to them. This is why some collection companies make it so easy for you to pay with payments.

Even the Federal Trade Commission warns, "WARNING! While the statute of limitations (SoL) is running or even after it's expired, making ANY payment or signing a promissory note can reset or restart (depends on your state law) the statute of limitations."

Finally, you don't want to push your disputes too far with creditors who can still pursue you in court. If you start attacking an original creditor with a year-old debt, your disputes might just prompt them to excel your case to the courts. This is rare, but it does happen.

The older a credit item is, the more successful your disputes will be. This is partially because the creditor has less documentation and, in large part, because many older accounts are outside of the statute of limitations.

The creditor doesn't really gain anything on responding to all of those disputes, as they know they can't collect on the debt legally, anyway. The opposite is also true. If a creditor knows that you owe them money, and if they have current documentation clearly supporting their case, they might pursue you in court.

If you start attacking them with credit disputes, you will increase the probability that some of those might come after

you. Don't get really scared off by this; just know it can happen. And try to limit your attacks to creditors where you know the debt is truly invalid.

Credit Reporting Statue of Limitations

There are really two types of statutes of limitations (SoL). The first is the time frame in which the creditor can collect on the debt. You just learned about this type of SoL. But the second type of limitation applies to how long the creditor can actually report the debt to the credit bureaus.

Most credit items can only be reported for seven years.

Most credit items can only be reported for seven years on the credit report. Some public records, such as judgments, can remain for ten years. Tax liens can be reported indefinitely, based on certain requirements.

These are the common limitations for how long creditors can report the debts on your credit profile. But don't forget to evaluate

your state laws to see how long you can legally be pursued for those debts.

Don't get really scared off.

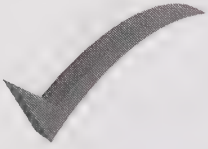
How Collection Companies Manipulate SoL

Collection companies want you to believe that by paying the debt you are helping your credit. But unless they delete the item from the report, you are actually hurting your credit. This is due to the "date of last default." That date reflects the date you last made a payment on the account. So if you stopped paying CHASE in November 2000, the date of default on your credit report will reflect as 11/2000.

This means that account should drop off of your credit report 11/2007. That is seven years past the date you last made a payment on the account or date of last activity. In the same example, let's say you settled the account with collections 11/2005. You thought you were doing a good thing. You settled it for pennies on the dollar and the creditor agreed to update your report.

In reality they update a $0 balance and then update the date-of-last-activity to the date you paid off the account. After all, the day you pay collections now becomes the last day you made a payment on the account. Now, since you paid it off 11/2005 and that is the new date-of-last-activity, that account will now stay on your report until 11/2012, which is seven years past the date you last made a payment.

If left alone, the account would have naturally dropped off 11/2007, seven years past your original default date. However, now it will remain until 11/2012 because, when you paid off the collection, you established a new date-of-last-activity. Sure, the balance is reported as $0. But this won't help your credit scores at all.



Your risk is that you let the account go bad to begin with.

Your credit score is literally a mathematical model that reflects your risk of going 90 days late on an account within the next two years. If you let an account go into collections, you are obviously a much higher risk to go 90 days late in the future. But if

you pay off that account after it is in collections, you really are no lower risk of going late again.

To try to elaborate, your risk is that you let the account go bad to begin with. Your risk isn't lower if you pay it off after it goes into collections. Truly, you are still the same risk of defaulting in the future, even if you did pay it off after the fact.

This is exactly why Fair Isaac doesn't give you credit in your scores for paying off collections. You are not a lower risk if you let the account go bad, no matter what you do with the account after that point.

CHAPTER 11

Building Business Credit Profiles and Scores

Business credit scores and profiles are completely different than consumer credit scores. One of the biggest differences is that business credit scores and profiles reflect the credit risk of a business, while consumer credit

scores evaluate an individual's risk. Business credit scores depict a risk of a business going 90 days late on any of their financial obligations within the next 12 months.

Most business credit scores range from 0-100, with 100 reflecting the best score that can be obtained. Business credit scores are based on only one single factor: whether a business makes prompt payments to its suppliers and creditors within the agreed upon terms of payment.

For example, prompt payments will produce a credit score of 80. A 70 score reflects paying 15 days behind; 60 score is 22 days behind; a 30 score reflects paying 90 days behind; and a 20 reflects paying bills 120 days late.

One of the main benefits of business credit scores is that a business owner can easily obtain an excellent business credit score quickly, within 30-60 days. All that is required to obtain a business credit score is accounts being reported to the appropriate business credit reporting agencies. Once paid-as-agreed accounts report on the business credit report, the business owner is rewarded with an excellent business credit score.

Business credit profiles and scores are crucial to helping business owners obtain credit with no personal liability. Many business owners use their personal credit for their business. This creates a problem, as those business owners become personally liable for their business debts.

Business credit allows business owners to build credit for their business without a personal guarantee. This means the credit that is being used for the business has no personal liability from the business owner. So in case of default, the creditor cannot pursue the business owner or the owner's personal assets, such as bank accounts and homes.

As positive business credit scores and profiles are established, the business owner will not need a personal guarantee to be approved. Since there is no personal guarantee required with many business credit sources, there is also no personal credit check required. This means business owners can still be approved for business credit even if they have challenged personal credit.

Even business owners with excellent personal credit should obtain business credit.

Even business owners with excellent personal credit should obtain business credit. By having both a

There are three major reporting agencies for business: Dun & Bradstreet, Experian, and Equifax.

personal and business credit profile, business owners see their purchasing power double. Plus, it's a great idea for business owners to use business credit so they can avoid the personal liability that comes with using their personal credit for business purposes.

Business credit scores are important, as they determine how much credit a supplier will issue to a business owner, the interest rates that will be paid, how much money will be lent, and even what type of insurance premiums will be paid.

There are three major reporting agencies for business: Dun & Bradstreet, Experian, and Equifax. Each has its own unique database of business owners and its own score models.

Dun & Bradstreet

Dun & Bradstreet, commonly known as D&B, is a publicly traded company with a headquarters in Short Hills, New Jersey. D&B provides information on businesses and corporations for use in credit decisions. Currently, they hold more than 200 million company records on file.

D&B's roots track back all the way to 1841, with the formation of the Mercantile Agency in New York. In 1933 the Mercantile Agency joined with R.G. Dun & Company and became known as Dun and Bradstreet.

Dun & Bradstreet offer many products and services to consumers and businesses. Some of these include risk management products, such as the Business Information Report, Comprehensive Report, and the DNBi platform. These provide current and historical business information, which is primarily used for lenders and financial institutions to assist in making credit decisions.

D&B also offers sales and marketing products, such as the DUNS Market Identifier database, Optimizer, and D&B Professional Contacts, which provide sales and marketing professionals with business data for both prospecting and CRM activity.

Just as Equifax, Experian, and Trans Union are leaders in the consumer credit reporting arenas, Dun and Bradstreet is the leader in business credit data.

The main credit score used in the business world is known as a Paydex score, provided by Dun and Bradstreet. This number assesses the lending risk of a business much the same as a consumer credit score reflects a consumer's individual credit risk. D&B describes this as the unique dollar-weighted numerical indicator of how a firm paid its bills over the past year, based on trade experiences reported to D&B by various vendors.

The Paydex Score ranges from 0-100, with 100 being the highest score you can obtain. Having a Paydex business score of 80 or higher is very good; scores below 70 are considered very bad.

The Paydex Score ranges from 0-100, with 100 being the highest.

Experian

Experian is the largest supplier of information worldwide. They provide information services in 65 countries across the globe. Experian is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 Index.

Experian's main purpose is to report financial information and performance across North America, UK and Ireland, Latin America, and Asia Pacific. They recently began providing credit bureau access and solutions in Morocco, Saudi Arabia, Kuwait, India, Pakistan, Iran, Singapore, and even Turkey.

Experian's commercial database, BizSourceSM, provides information on U.S. companies and extensive data on small businesses. Experian Business provides credit risk evaluation services to businesses based on their own business owner independent databases.

Experian, one of the three major consumer credit rating bureaus, is now providing business credit evaluations for more than 27,000,000 small businesses and corporations to detect early signs of trouble by monitoring key customers, suppliers, and partners. Experian's model is designed for companies that provide goods and services to small business.

Some of the items listed on Experian's reports include:

- Business credit scores and credit summaries
- Key facts about the business
- Corporate registration and contact information
- Summaries of collections and payments

- Uniform Commercial Code filing information
- Banking, insurance and leasing information
- Bankruptcy filings
- Judgment filings
- Tax lien filings

Experian's business credit score has more than 800 variables that are calculated into a score known as Intelliscore. Credit scores range from 0-100, with a lower score indicating a higher risk for serious delinquency.

Experian does provide both consumer and business credit risk models, and sometimes they provide blended reports with data from both consumer and business reports. Experian and their Intelliscore are commonly the second choice for lenders behind the Dun and Bradstreet Paydex score.

Equifax Small Business

Equifax has been in business more than 100 years and has its headquarters in Atlanta, Georgia. They employ more than 7,000 people across 15 countries, including Europe and Latin America. Equifax trades on the New York Stock Exchange

under the symbol EFX and is a member of Standard & Poor's (S&P) 500® Index.

Equifax, one of the three major consumer credit rating bureaus, is now providing business credit evaluations for more than 22,000,000 small businesses and corporations to detect early signs of trouble by monitoring key customers, suppliers, and partners.

Equifax offers a business scoring credit model knows as Equifax Small Business Enterprise/Equifax Small Business Credit Risk Score. Equifax's Credit Risk Score model is designed for companies that provide goods and services to small businesses.

This model integrates credit or trade history, business demographics, and financial payment

By having both personal and business credit profiles, business owners double their borrowing power and look more respectable in the business community.

history into its score calculation. The score was created to enhance risk assessment throughout the account life cycle by predicting the probability of a new or existing small business customer becoming seriously delinquent on supplier accounts, or bankrupt, within a twelve month period.

Credit scores range from 101-992, with a lower score indicating a higher risk for serious delinquency. For example 0-9 is low risk; 10-20 is average risk; 21-30 is above average risk; 31-40 is high risk; 41-69 is the highest risk; and 70 indicates the business has filed for bankruptcy.

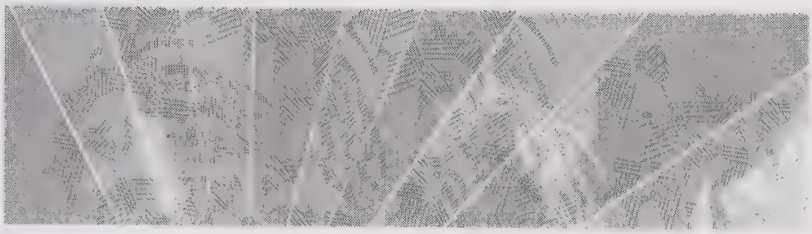
Equifax also offers a PayQuo score, which is similar to most other business credit scores. This score can be obtained alongside a business credit report.

With PayQuo, a 90 or higher indicates early payment; 80 means the debt was paid 10 days or less past the due date; 70 means it was paid 20 days past the due date; a 60 score indicates payment 30 days late; 50 scores indicate the debt was paid 60 days late; 40 scores mean the debt was paid 90 days late; 30 scores reflect payment was made 120 days late; and 20 scores indicate payment was made more than 120 days late.

There are also four reason codes that indicate top factors that impact the credit score for a better understanding of risk. Equifax even includes a business failure score that predicts the risk of

a business filing for bankruptcy. Equifax does provide both consumer and business credit risk models, but there are considerable differences between the two.

It is essential for business owners to build their business credit profiles and scores so they can limit their personal liability. By having both personal and business credit profiles, business owners double their borrowing power and look more respectable in the business community. These are only a few reasons every business owner should become familiar with their business credit scores and then leverage those scores to greatly increase their borrowing potential.



EPILOGUE

Your credit is your life. With a positive credit profile you will be able to live the life of your dreams. You will get approved for the new credit you want, own your dream home, purchase a car with a very low interest rate and payment, get approved for high limit credit cards, and receive approvals for 0% credit cards.

You will have the available credit lines you need in case of emergencies, and have record low interest rates and payments on all your credit items. This will give you the money to save for your retirement, even your kids' education. Most importantly, good credit will stop you from living paycheck-to-paycheck, and give you the extra money you need each month to live the life of your dreams.

Completing this book now means you are a credit expert. You now know the secrets behind your credit scores, and how

to control your own scores. You know how the credit system works and understand the history behind the credit bureaus. You now even know how to dispute inaccurate items through credit bureau and advanced credit disputes, and how to have those items deleted.

You are now empowered with the knowledge and tools you need to ensure that you obtain and maintain an excellent credit profile.

Put your knowledge to use today and get started on correcting your credit file. Once your profile is positive, make sure you use all of the tips in this book to keep your credit profile good throughout your life. Once you do this, you can finally have the positive credit and financial future you deserve.

Short on time?

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to take the necessary steps
outlined in this book that will
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WHAT REFERRAL PARTNERS ARE SAYING...

Julia King is a true professional dedicated to keeping abreast of all the latest developments in credit reporting, including accreditation, so that she can be of the greatest aid to her clients.

- James Lawson, Consumer Attorney, Lawson at Law PLLC

Julia is one of the most knowledgeable credit specialists I have ever worked with. I've been in the mortgage and 2nd chance credit industry for 10 years and King Financial Repair has by far the fastest and best results of any company I've worked with. If you have issues with your credit, need help building personal/business credit, or consolidating/negotiating student loans, call Julia King.

- Jason Hanson, Sr. Loan Officer, LPK Group of Primary Residential Mortgage

If you have bad credit clients, Julia King is making their home dreams come to life. Her credit repair/deletion rate with my borrowers is outstanding! I highly recommend Julia for a client's credit repair so they can obtain a new home mortgage. Thank you, Julia!

- Brian Lykins, Branch Manager, Swan Financial

Julia King is an expert at what she does. I am in the lending business, and run into people with bad credit on a daily basis. I have referred multiple borrowers to Julia, and the ones that put their trust and follow her plan have come back to me in much better financial shape. The most extreme case I have seen was a borrower who was able to increase their credit score 106 points with Julia's help. I will continue to recommend her services to the people who need it, and I trust they will be in good hands.

- Kevin Reuff, Personal Banker, Envoy Mortgage

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